INTERNATIONAL HERALD TRIBUNE, WEDNESDAY, SEPTEMBER 24, 1997

Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper R Paris, Monday, August 25, 1997 No. 35,608

TODAY: SPORTS Schoolgirl Wins Parade/B

A New Credo for a World (Mostly) at Peace: Make Money, Not War

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — Has there ever been a moment quite like this?

In the United States, high-yield retirement accounts are making near-millionaires of thousands of salaried workers and hourly wage earners. In India, resort towns are crammed not with foreign tourists but with newly affluent Indians, more than a few of them village people in chartered buses who come to enjoy wonders once reserved for the rich and powerful.

All over Asia, and in Eastern Europe, Russia and Latin America, the emerging middle classes are buying designer clothes and computers and taking foreign vacations. Even in struggling but newly hopeful Africa, leaders are urging aid donors to prod investors and provide advice on how to fire up the private sector.

As a whole, the world economy has been growing at about 3 percent annually in recent years, a rate of expansion that will exceed that of the 1980s, the United Nations predicts. It's easy to fret, as many do, over blips and glitches — and neither Wall Street nor the tiger currencies of Southeast Asia have been without them lately.

But that misses the larger point: Never before in modern history, arguably, has so much of the world savored economic growth, however rough around the edges. Much of this can be attributed to peace.

Economists describe the surge in human productivity — and not simply reductions in military spending — as the real peace dividend. And though they may disagree about how wisely this windfall is or is not being reinvested in one place or another, they pretty much agree that a world battered by a century of devastating wars now faces a future with unparalleled opportunity.

No major international wars are being fought. The world has its ugly regional conflicts — its Bosnias, its Rwandas — but no Stalin, no Hitler, no Mao visits the cruel whims and devices of totalitarianism on vast numbers of its people. No military alliances are faced off in a global arms race. Democracies flourish. The end of the Cold War has removed ideological chains and with them distortions of economies rooted in big-power rivalries.

India, for example, lost its cozy relationship with Moscow and was forced to sink or swim with economic reform, jettisoning an accretion of Soviet-inspired practices. In Central America, a number of nations, not the least of them El Salvador, lost the automatic Cold War patronage of the United States and are now learning to build civilian economies largely on their own resources and with new partners.

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New Rivalries Spread Across South America

Despite Better Economic Cooperation, Nations Focus on Defense and Security

By Anthony Faiola
Washington Post Service

BUENOS AIRES — Brazil wants a seat on the UN Security Council. Argentina wants special defensive ally status from the United States. Chile is shopping for F-16 jet fighters. Peru already has bought Russian MiGs.

And throughout the continent, each country is growing suspicious of others' motives.

For a continent at peace, witnessing an unprecedented level of economic cooperation, South America has become increasingly focused on thorny issues of defense and security.

The measures have reignited some long-standing regional rivalries and created mounting political friction that is the hottest issue at a summit meeting of Latin American heads of government in Asuncion, Paraguay.

Experts say recent developments indicate a new phase in the South American renaissance of the 1990s. Already, economic reforms and the creation of the Mercosur alliance — a sort of European Union of countries in South America's Southern Cone — have dramatically increased the continent's economic clout.

A string of state visits by President Jacques Chirac of France, Chancellor Helmut Kohl of Germany and others have underscored the quest to woo the continent's up-and-coming economies.

Now, South American nations, especially the two largest — Brazil and Argentina — are trying to convert their new clout into a larger voice in world politics.

"Our economy has become normalized, and we've grown in economic strength," Sebastiao Barros, the Brazilian deputy foreign minister, said in a telephone interview from Brasilia. "It's only just that we should have more recognition and be allowed to contribute more to the international community."

But in seeking more global prominence, they are stepping on each other's toes — and the United States has found itself right in the middle.

Chilean officials, for example, have voiced strong opposition to the designation of Argentina as a "non-NATO ally" of the United States. The designation — reserved for America's closest allies outside the North Atlantic Treaty Organization, such as Israel, Japan and South Korea — is expected to be bestowed when President Bill Clinton visits Buenos Aires in October.

The prospect of Argentina's anointment as the United States' strongest strategic partner in Latin America has Chileans suspicious and its officials crying foul. U.S. State Department officials declined to comment.

"It was a remarkable error in international policy for the United States

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Kimimasa Mayama/Reuters

NETANYAHU IN JAPAN — Prime Minister Benjamin Netanyahu of Israel arriving in Tokyo on Sunday for a four-day visit. He carried a message of reassurance for Japanese investors on doing business in Israel.

India-Pakistan Talks In Doubt as Tensions Boil Over in Kashmir

Compiled by Our Staff From Dispatches

ISLAMABAD, Pakistan — Pakistan and India accused each other Sunday of unprovoked firing in the Kashmir region, South Asia's tensest border, and of trying to scuttle planned peace talks.

The clashes erupted Saturday night and continued Sunday. Indian Defense Ministry officials said if the fighting persisted, they might be forced to evacuate civilians from some areas along the border.

Kashmir is divided between the two countries and is separated by a United Nations-monitored cease-fire line. Indian and Pakistani soldiers regularly exchange fire across the border, but the latest clashes appeared more severe than usual.

Pakistani officials said Sunday that Indian troops had fired artillery and mortars along the military control line in the Himalayan region for the second day running, killing four people and wounding several others in two days.

India acknowledged that two of its soldiers had been killed.

In Jammu, the Indian state that contains Indian Kashmir, Indian officials claimed that 56 people had been killed in what they described as one of the heaviest artillery battles in recent years. They said 51 Pakistani soldiers, two Indian soldiers and three civilians had died in the cross-border shelling.

A Pakistan Defense Ministry spokesman denied an Indian Defense Ministry accusation earlier Sunday of unprovoked Pakistani firing in the Kargil and Uri sectors of Kashmir, saying no such incident had happened in these areas.

But he accused the Indian troops of "unprovoked firing" in the Chakothi, Sankh and Pandu subsectors since Saturday.

"The purpose of such firing is to vitiate the atmosphere," he said, to put pressure on Pakistan before talks, scheduled for September, between the two nations' foreign ministers.

The Indian Foreign Ministry spokesman said New Delhi was committed to talks between the two countries.

"We are committed to India-Pakistan dialogue and see no reason why it should not go ahead on schedule," he said.

The third round of the peace talks in New Delhi are to be part of a series of meetings begun in March after a three-year freeze on official contacts. The status of Kashmir, claimed by both nations, has been put at the top of the agenda by Islamabad.

Pakistan and India have fought three wars since both gained independence from Britain 50 years ago, two of them over Kashmir. Border skirmishes remain common.

Indian Kashmir is the scene of a Muslim separatist drive that has cost more than 20,000 lives since 1989. India accuses Pakistan of arming the militants, which Islamabad denies. Pakistan says it gives only moral and political support to the "freedom fighters."

New Delhi regards the whole of

See KASHMIR, Page 4

Extremes Squeeze Arafat As Hamas's Power Swells

By William Drozdiak
Washington Post Service

JERUSALEM — When Yasser Arafat kissed and embraced the leaders of Hamas and Islamic Jihad at a meeting of Palestinian factions last week, the conciliatory gestures toward radical Muslim groups suspected of perpetrating terrorist acts outraged much of Israel and the Western world.

Was the leader of the Palestinian Authority condoning violence against Israel and preparing for the kind of armed confrontation that has spilled so much blood in the Middle East between two peoples fighting over the same land? Or was he engaged in a ploy to co-opt the enemies of peace and thus strengthen his hand for future negotiations with the rightist government of Prime Minister Benjamin Netanyahu?.

Nearly four years after the Oslo peace accords, Mr. Arafat is trapped by conflicting pressures that threaten to undermine his self-governing authority, destroy his fragile partnership with Israel and shatter his dream of establishing a Palestinian state in Gaza and the West Bank with East Jerusalem as its capital.

The self-styled father of the Palestinian revolution is renowned for his survival skills in times of political peril. But this time, his fate seems intertwined more than ever with an Israeli gov

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ernment that profoundly distrusts him yet loathes even more the extremist alternatives to his leadership.

An impassioned debate has gripped Israel in recent days over whether the country's interests are best served by weakening or strengthening Mr. Arafat. Nearly a month after the Israeli government imposed sanctions and security measures in the wake of a suicide bombing that killed 16 people in a Jerusalem market, Israelis were starting to question whether those measures might inflict more harm than good on their country.

In Gaza this weekend, Mr. Arafat

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NATO Girds For a Final Push to Oust Serb Warlord

By Chris Hedges
New York Times Service

BANJA LUKA, Bosnia-Herzegovina — As NATO peacekeepers press forward in what many here view as a final campaign to carry out the faltering Bosnia peace agreement — seizing police stations and feverishly working with Bosnian Serb opposition leaders to build an alternative power base — foreign and local officials are expressing concern over the risks.

"If this fails, as it could, it will fail in a big way," said a senior United Nations official involved in the planning of the operation, which has included promoting the Bosnian Serb president, Biljana Plavsic, in her effort to topple Radovan Karadzic, her predecessor who continues to hold de facto power from his stronghold in Pale.

"Those who decide to defy the leadership in Pale have to feel that this will succeed, that they will be secure," the UN official said, referring to Bosnian Serbs who support Mrs. Plavsic. "And if past action is anything to go by, Radovan Karadzic and those around him will probably resort to intimidation and violence."

One of Mrs. Plavsic's security chiefs, who asked that his name not be used, said, "We expect Karadzic to try and use violence to stop this."

With the North Atlantic Treaty Organization's 31,000-strong force due to leave Bosnia in June 1998, there is widespread recognition that the 1995 peace agreement negotiated in Dayton, Ohio, which called for a united Bosnia and the return of refugees to their homes, has not worked.

The cease-fire lines maintained by NATO forces have carved the country into three antagonistic enclaves: one held by Bosnian Croats, backed by Zagreb; the second by Bosnia Serbs, backed by Belgrade; and the third by the Muslims who lie uncomfortably sandwiched between the other two.

NATO commanders say that if they pull out next summer as scheduled, there is a strong chance that the war will

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Form and Substance: France's Dual Model

Change Exists, Masked by Idealist Slogans

By Roger Cohen
New York Times Service

PARIS — Charles de Gaulle, who knew his people well, once said: "Every Frenchman wants to benefit from one or several privileges. It is his way of affirming his passion for equality."

It was the general's way of gently capturing an essential French duplicity. Perhaps in no other country are form and substance so divergent. Formal discourse is full of grand

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principles: equality, solidarity or, more recently, the iniquities of American-driven globalization. But the substance may have more to do with the defense of privilege or the concealment of pragmatic acts in the robes of idealism.

A French politician's art thus lies in offering splendid ideals while insuring that people get fed. Francois Mitterrand, the late president, was a master of the art.

After a brief and calamitous experiment with textbook socialism, he opted to defend only principles lofty enough that they would never affect the franc's strength. Goodbye, Albania; hello, the bourse. By the end of his second term in 1995, he had elevated the riddle to the heart of his governance.

All this may be worth remembering at a time when France is taken very much at its word. During the Cold War, French posturing was an irritant, but seldom more, to the United States. In its aftermath, a very public French stand against the harsh capitalism of America's boom and the dangers of a world driven by the American quest for profit has given a new edge to the allies' old sparring. At times, as at the summit of major industrialized nations last month in Denver, it has looked like real rivalry.

France has become America's favorite European basket case. With its Socialist government trying to create state-sector jobs by the hundreds of thousands, its record unemployment, its diatribes against globalization, its quaint plans for 32-hour work weeks and its defense of an apparently unaffordable welfare state, France has taken over Britain's role as the faintly risible archetype of the failed European economy. It is the Titanic-with-piano-still-tinkling adrift on a sea of global competition.

There is, of course, much substance to this vision of France. Fewer and fewer businesses want to hire because it costs too much to do so, and many of the 3.6 million unemployed have settled into a way of life based on perennial state financial assistance combined with odd jobs on the black market. Initiative is quashed and dependence encouraged. Disillusionment spreads.

But the French reality is rather more complex. It has to do with the fact that change, adaptation and mod-

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AGENDA

Cambodia Faction Is Overrun

Cambodian troops loyal to Hun Sen on Sunday overran O'Smach, the last frontier town held by the ousted first prime minister, Prince Norodom Ranariddh, witnesses said.

A pocket of fewer than 50 of Prince Ranariddh's soldiers abandoned their last position near the border, the witnesses said. The troops were apparently heading toward Anlong Veng, stronghold of the Khmer Rouge, who also are fighting Mr. Hun Sen.

Thai soldiers guarding the frontier took up positions because it was feared that troops loyal to Mr. Hun Sen would push the rival faction across the border. Thai sources did not confirm the fall of O'Smach, however. In addition, analysts in Phnom Penh said the fall of O'Smach would not necessarily end the fighting in Cambodia. Page 4.

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A 'Cancer' in the Gulf of Mexico, a Snake in Paradise

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Agence France-Presse

FAST MAN — Wilson Kipketer, after breaking his own record Sunday in the 800 meters. Page 18.

Fat-Free Chips! Makers Run to Bank, Consumers Run Elsewhere

By Glenn Collins
New York Times Service

INDIANAPOLIS — Rain was threatening early this month as a moist wind whipped the Fat Free Pringles tent at the RCA Tennis Championship here in one of America's great test markets. Doggedly, Procter & Gamble Co. workers set out plastic cups of potato chips as they proselytized for olestra, Procter's controversial new fat substitute.

Cassandra Campbell, a collection agent for a trucking company, picked up a sample. "Tastes like real Pringles," she said, munching an Original Flavor chip and eyeing her boyfriend, Bob Hamilton, who had already finished his fistful of Sour Cream 'N Onion. "No fat," she said. "I guess I can sit down now and eat half a bag!"

They were asked if they'd heard about any drawbacks to olestra, a no-fat, no-calorie fat substitute made with a sugar and vegetable oil combination that has molecules too large for the body to absorb. "Oh, you mean the loose stools?" Ms. Campbell said, laughing about saying the phrase aloud. "Well, my roommate had diarrhea. But I haven't had a problem." She smiled. "I have a stomach of steel."

Procter & Gamble will need a stomach of steel to peddle olestra across the United States next summer, building on the lessons from its experience here. The bad news: "diarrhea." The good news won't surprise anti-tobacco activists, regulators and prohibitionists of every stripe: The Cassandras and Bobs of Indianapolis are eating the chips anyway.

The key? Procter & Gamble and its marketing partners, Frito-Lay Inc. and RJR Nabisco Holdings Corp. — which buy olestra from P&G — have made it difficult for people to avoid trying snacks fried in Olean, as the company calls its olestra product.

In this metropolitan area of 1.5 million people, the company has distributed more than 300,000 free samples of fat-free Pringles, and Frito-Lay has given away close to 500,000 samples of Lays, Ruffles and Doritos chips made with olestra. Television and newspaper campaigns call the snacks "amazing" and "miraculous," in a blizzard of promotion that has overwhelmed a much smaller campaign by a consumer group that contends that olestra will create a national public-health disaster.

Over all, 38 percent of the populace here has tried some form of an olestra

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Newsstand Prices

Andorra	10.00 FF	Lebanon	LL 3,000
Antilles	12.50 FF	Morocco	16 Dh
Cameroon	1,600 CFA	Qatar	10.00 QR
Egypt	£E 5.50	Réunion	12.50 FF
France	10.00 FF	Saudi Arabia	10 SR
Gabon	1,100 CFA	Senegal	1,100 CFA
Italy	2,800 Lire	Spain	225 Ptas
Ivory Coast	1,250 CFA	Tunisia	1,250 Din
Jordan	1,250 JD	U.A.E.	10.00 Dh
Kuwait	700 Fils	U.S. Mil. (Eur.)	$1.20

Wall of Stagnant Water / **Threat to Fisheries**

'Dead Zone' Stalks Louisiana

By Joby Warrick
Washington Post Service

COCODRIE, Louisiana — The village name is Cajun for "crocodile," a mistaken reference to the reptiles that menaced the first settlers of this end-of-the-highway Bayou outpost. But these days, local fishermen would prefer a gator or two to the amorphous threat that lurks just off shore.

Every summer, when temperatures climb and the wind dies, an enormous wall of stagnant water begins spreading west along the Louisiana coast, starting at the Mississippi River and continuing past dozens of delta fishing towns until it reaches the Texas state line. Oxygen levels in the water plummet until the sea no longer can sustain life. Any creature that can swim or crawl tries to flee; all others die.

By August, the wall extends for hundreds of miles across one of the nation's most productive fisheries. Louisiana fishermen call it the "dead zone," and recently it has grown to astonishing proportions.

After years of relative stability, the dead zone suddenly doubled in size four years ago to 6,800 square miles (17,500 square kilometers) — slightly smaller than New Jersey — after that year's Midwestern floods. It grew just as big or bigger in each of the following three years, and it is back again this summer, barely dented by a July hurricane that hovered over the Gulf coast for days.

Fishermen, meanwhile, have begun complaining that this desert-within-an-ocean is hurting their business, reducing seafood stocks and forcing them to travel farther to find fish and shrimp. "It's like a cancer," said Bobby Theriot, a burly second-generation oysterman, as he loaded a day's harvest into his truck on a sweat-drenched mid-August afternoon. "It keeps getting bigger, and no one knows what is causing it."

In fact, scientists already have a good idea of what's going on in the Gulf of Mexico, and the picture could soon get even clearer. Just over a week ago, the Clinton administration launched an ambitious 18-month assessment of the "dead zone" to determine why it is growing and what, if anything, can be done to stop it. The project will involve dozens of independent scientists as well as officials from the federal government and many of the 26 states within the vast Mississippi River basin.

THE cause of the problem, scientists agree, is the increasing volume of pollutants flushed into the Gulf of Mexico each day by the Mississippi River. Fertilizers, sewage and animal waste from farms and cities across the basin have overfertilized the gulf, they say, touching off a population boom of algae and other tiny organisms. As the algae die and decay, they rob the water of the oxygen that fish and other animals need to live.

Summer's hot weather and calm winds make the problem worse in the gulf, creating an area of uninhabitability that now extends 30 miles (50 kilometers) off shore in some places, according to Nancy Rabalais, a Louisiana ecologist who has tracked the phenomenon since 1985.

It is the same pattern that spawned smaller dead zones in recent years in the Chesapeake Bay, Florida Bay, North Carolina's Pamlico and Albemarle sounds and at least 40 other saltwater bays around the world. But in sheer size, few can begin to rival the one in the gulf, which is the largest in the Western Hemisphere.

Ms. Rabalais, who monitors the western march of low-oxygen or "hypoxic" waters each year from a research vessel owned by the Louisiana Universities Marine Consortium, has charted the growth with a mixture of alarm and bewilderment.

Ms. Rabalais, in her office overlooking the shrimp boats at Cocodrie, said: "This year we had a hurricane that sat over one of our monitoring stations for quite a while. We had 10- to 15-foot seas, and it didn't change a thing."

While recreational anglers can still pursue species that live near the surface, shrimp boats and other trawlers steer clear of the dead zone. "There's nothing out there," said Bill Foret, a Cocodrie shrimper. "No shrimp. No fish. Maybe a snail or two." For scores of local watermen, the dead zone has already forced a change in fishing habits. To avoid barren waters, they must either drop their nets very close to shore or travel long distances. Last year, a major fish-processing plant in the delta town of Dulac closed its doors in part because of the increased financial burden posed by low-oxygen waters.

The plight of the fishermen and the relentless expansion of the dead zone prompted a coalition of 18 environmental and fishermen's groups, led by the Sierra Club Legal Defense Fund, to file a petition two years ago demanding that the federal government take action. The move led directly to creation of a federal task force on the dead zone problem, and to this month's launch of a multidisciplinary assessment group that will investigate the causes and possible solutions.



Franklin Viola/Viola's Photo Visions

A spider crab is suffocated in a low-oxygen area of the Gulf of Mexico. The cause of the problem is the ever-increasing volume of pollutants flushed into the gulf by the Mississippi.

Trouble in Hawaiian Paradise: Brown Snakes

By William Claiborne
Washington Post Service

HONOLULU — Shortly after a huge transport plane unloaded its cargo at Hickam Air Force Base one day earlier this month, the airman John Herist happened to spot a brownish, 3-foot-long snake slither into a nearby canal and disappear.

It would have been an unremarkable event except that Hawaii does not have snakes and the cargo plane was from Guam, a combination of circumstances that had state and federal wildlife officials scurrying to set traps and turn loose snake-sniffing Jack Russell terriers in a frantic round-the-clock hunt for the elusive snake, which still has not been found.

Brown tree snakes are aggressive, venomous predators that grow to lengths of 8 feet (2 meters) and have spread throughout Guam like a plague since arriving aboard U.S. military cargo ships from the Solomon Islands shortly after World War II. They now number 12,000 per square mile (2.6 square kilometers) in some forested areas of the Pacific island and are eating into extinction its native bird species and most of the nonnative birds as well.

Now, officials here are worried that the brown tree snake, hiding in aircraft cargo holds and wheel wells, may be invading Hawaii, threatening its wildlife habitat and tourism-dependent economy. More than a third of all the threatened and endangered birds in the United States are found in Hawaii.

A nocturnal reptile with a large head and bulging eyes, the brown tree snake prefers birds over other prey, but it has been known to eat small pets like cats and has even been found curled around babies sleeping in their cribs. It is particularly adept at climbing trees and raiding nests.

Hawaiian wildlife officials say that while there have been only seven confirmed cases of brown tree snakes being killed or found dead on Hawaii's Oahu Island since 1981, the Hickam Air Base incident was the sixth snake sighting in two months. They also warn that even one pregnant female slipping through could begin a colonization far more costly than Guam's.

"It's an enormous threat to Hawaii," said Robert Smith, the Pacific islands manager for the U.S. Fish and Wildlife Service. "We've got to apply resources to this effort that match the cost of this threat."

Because of its isolation, Hawaii is particularly vulnerable to invasive species like the brown tree snake, wildlife experts say. Animals here evolved with few diseases and natural predators, and therefore have few natural defenses. There are no effective predators with which the brown tree snake would have to contend while it multiplied.

But the threat is not only to Hawaii, according to U.S. Agriculture Department officials. One brown tree snake was found in a cargo in Texas, and experts predict that the reptile could easily thrive in Southern California, Florida and other states with warm climates.

Because Hawaii ostensibly has no snakes, state and federal officials take their snake control efforts seriously. Anyone caught with a snake faces up to a year in jail and a maximum fine of $25,000. An amnesty program allows snake owners to turn the reptiles in without prosecution.

In addition, a Coordinating Group of Alien Pest Species, comprised of 14 government agencies and private groups, last year drafted a 10-point action plan to improve alien pest prevention and control programs. It includes a brown tree snake-control plan that will be boosted by nearly $1.8 million in federal appropriations this year for combating the reptile on Guam, researching new control methods and inspecting aircraft arriving in Hawaii.

Several measures have been taken or proposed to intercept snakes that arrive from Guam. These include a newly designed concrete barrier with a curved lip that could be erected around an airport tarmac where cargo is unloaded.

Other measures include dog detection; development of new kinds of snake traps; fumigation of cargo containers, and the training of snake searchers. Experts also called for more research on chemical fertility inhibitors and the use of toxicants, viruses and parasites known to be exclusively effective against the brown tree snake.

But experts said biological controls like viruses have not worked well on vertebrate species and unless an entire species population is wiped out, the survivors may develop immunities and recolonize. Earl Campbell, a wildlife ecologist with the U.S. Department of Agriculture's National Wildlife Research Center, said that only "a gamut of techniques" used in concert will stand a chance of preventing the brown tree snake from colonizing here as it did in Guam.

"With the unique ecosystem we have in Hawaii, we can't afford to delay," Mr. Campbell said. "It could be disastrous for us."



Gordon H. Rodda/U.S. Geological Survey

The brown tree snake that is now in Hawaii.

42 Are Slain In Assaults In Algeria

Agence France-Presse

ALGIERS — A new series of massacres has left 42 people dead in Algeria, where violence has claimed nearly 600 lives in less than six weeks, local newspapers reported Sunday.

In one of the most dramatic attacks, two bombs exploded as a train passed through the town of El Affroun, 70 kilometers (45 miles) west of Algiers, leaving eight dead and 28 wounded, the El Watan and El Khabar dailies said.

On Wednesday, three persons were killed and 22 injured in an ambush as they returned from an anti-terrorism demonstration, La Tribune reported. The demonstration, called by trade unions, brought thousands into the streets.

La Tribune said the protesters were returning to a village near Medea, 80 kilometers east of Algiers, when their vehicle was ambushed by gunmen, presumed to be Islamic militants.

The same paper also reported that 30 persons, including women and children, had their throats slit in two massacres last week in the region of Djelfa about 300 kilometers south of Algiers.

The newspaper Liberte reported on Sunday that one person was slain in the village of Afafna near Tiaret, 240 kilometers southwest of Algiers. The paper gave no further details. The Algerian government has not been issuing official casualty figures.

Unofficial figures compiled by news organizations show around 560 civilians have been killed since July 15, when a leader of the Islamic Salvation Front, Abassi Madani, was freed from detention.

His release was seen as being a conciliatory gesture by the Algerian authorities to militants.

U.S. Will Back UN Sanctions on Savimbi, Its Former Angola Ally

By Thomas W. Lippman
Washington Post Service

WASHINGTON — In a long-shot effort to salvage the shaky peace in Angola, the Clinton administration will support new United Nations sanctions against the longtime rebel leader, Jonas Savimbi, and his UNITA movement and is prepared to sell military transport planes to the Angolan government, according to senior officials.

The sanctions, which U.S. officials expect to be imposed by the United Nations Security Council this week, and the aircraft sale reflect the administration's exasperation with Mr. Savimbi, a former Cold War ally whom Washington regards as largely responsible for the growing tensions in Angola.

Washington's view hardened earlier this month after the UN secretary-general, Kofi Annan, issued a blistering report accusing Mr. Savimbi and UNITA (the National Union for the Total Independence of Angola) of "totally unacceptable" practices, including failure to demobilize troops, that threaten to restart Africa's longest civil war.

During the Cold War, Mr. Savimbi was Washington's proxy in a struggle against the government of Jose Eduardo dos Santos, which was backed by the Soviet Union and Cuba.

But Mr. Savimbi has long since outlived his usefulness to Washington. U.S. anger at his tactics has been apparent since October when he refused to travel to Luanda to meet then-Secretary of State Warren Christopher.

Administration officials portrayed the forthcoming UN sanctions against UNITA and the planned sale of six C-130 cargo planes to the dos Santos government as intended to persuade Mr. Savimbi to comply with his commitments under the 1994 peace agreement, known as the Lusaka Protocol.

But both moves have come under bipartisan fire from key members of Congress, who said they would unfairly punish UNITA while failing to recognize violations of the Lusaka agreement by the dos Santos government, and would undermine U.S. credibility as a neutral mediator.

The Senate Foreign Relations Committee chairman, Jesse Helms, Republican of North Carolina, and the African Affairs subcommittee chairman, John Ashcroft, Republican of Missouri, wrote to Secretary of State Madeleine Albright:

"It would be extremely unwise for the United States to abandon its policy of neutrality in Angola and become militarily involved on the side of the dos Santos government.

They said it was Mr. dos Santos and his followers in the Popular Movement for the Liberation of Angola who were preparing to resume the war, hoping to take advantage of the downfall of Mr. Savimbi's longtime patron, Mobutu Sese Seko of Zaire, now Democratic Republic of Congo, to gain the victory that has eluded them for 20 years.

Senator Russell Feingold of Wisconsin, the senior Democrat on the Africa subcommittee, released a letter to Undersecretary of State Thomas Pickering saying that sanctions on UNITA were probably justified.

But he added that imposing them on UNITA alone, on top of the "shift in U.S. bilateral military policy" represented by the aircraft sale, "could add to the impression that the United States no longer wishes to be a neutral arbiter."

TRAVEL UPDATE

Philippine Airlines Trims U.S. Service

MANILA (AFP) — Philippine Airlines said over the weekend that it would cancel flights to Los Angeles via Seoul starting Sept. 1 because of aircraft restrictions imposed by the U.S. aviation authorities. But it said that direct daily flights from Manila to Los Angeles would continue.

Last week, the airline said it was scrapping flights to New York starting Sept. 2 because of "staggering" losses resulting from the Federal Aviation Administration restriction imposed in 1995, which requires Philippines carriers to lease planes from other carriers for any expansion of service to the United States.

Cuba Cruise Approved

WASHINGTON (NYT) — The Clinton administration has temporarily eased restrictions on travel to Cuba, saying it would allow the Archdiocese of Miami to sail a cruise ship there with more than 1,000 American Catholics during Pope John Paul II's visit in January.

The approval is expected to be the first of several granted to Roman Catholic groups for the visit.

Tehran-Jidda Flights

TEHRAN (Reuters) — Iran Air will resume direct, scheduled flights to Saudi Arabia in September for the first time since the 1979 revolution in Iran.

Iran Air's managing director, Hassan Shafti, told the official press agency IRNA that weekly flights between Tehran and Jidda would begin Sept. 14.

Americans in Saudi Arabia are still under threat of attack, the U.S. Embassy said, citing reports of surveillance or probes of U.S. facilities that suggest planning for terrorist action. *(AP)*

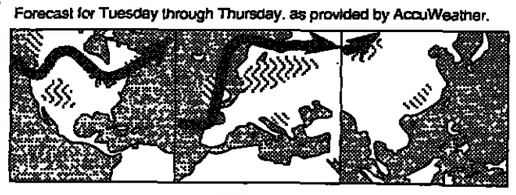
This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Britain, Gibraltar, India (Bombay), Liberia, Northern Ireland, Philippines, Ukraine, Uruguay.
TUESDAY: Namibia
WEDNESDAY: Moldova, Philippines.
THURSDAY: Georgia.
FRIDAY: Slovakia, Israel.
SATURDAY: Kazakstan, Peru, Turkey
Sources: J.P. Morgan, Reuters, Bloomberg.

WEATHER

Forecast for Tuesday through Thursday, as provided by AccuWeather.



Jetstream — Unseasonably Cold — Unseasonably Mild — Heavy Rain — Heavy Snow

North America New York and Philadelphia will have some showers Tuesday and perhaps Wednesday, then some sun. The Thursday Some showers in the Midwest Tuesday will be followed by sunshine with nice afternoons. Blazing sunshine and very hot from the Southwest to the northern Plains.

Europe London and Paris will be comfortably warm with some sun Tuesday, then breezy and cooler with showers and a thunderstorm Wednesday and Thursday. Dry and warm with lots of sunshine from Berlin to Moscow and across most of Scandinavia. Stormy with soaking rains across Ireland

Asia Sunny, hot and dry across most of northern China; Beijing will be hot and dry Tuesday and Wednesday, but thunderstorms are likely Thursday. Partly sunny, warm and humid in Seoul and Tokyo with the chance for showers each day. A band of soaking rain will stretch across southeastern China.

Europe

	Today High C/F	Today Low C/F	Tomorrow High C/F	Tomorrow Low C/F	
Algarve	24/75	16/61 c	24/75	17/62 s	
Amsterdam	27/80	15/59 c	24/75	18/64 pc	
Ankara	26/79	9/48 pc	23/73	8/46 pc	
Athens	27/80	18/64 pc	28/82	19/66 pc	
Barcelona	23/73	18/64 pc	25/77	19/66 pc	
Belgrade	27/80	13/55 pc	27/80	14/57 pc	
Berlin	29/84	20/68 pc	27/80	18/64 pc	
Brussels	28/82	16/61 pc	26/79	17/62 pc	
Budapest	27/80	15/59 pc	27/80	17/62 pc	
Copenhagen	28/82	19/66 pc	27/80	18/64 pc	
Costa Del Sol	24/75	17/62 pc	26/79	18/64 pc	
Dublin	17/62	11/52 pc	19/66	13/55 pc	
Edinburgh	18/64	10/50 r	18/64	12/53 pc	
Florence	28/82	16/61 c	29/84	18/64 pc	
Frankfurt	29/84	18/64 pc	27/80	17/62 pc	
Geneva	29/84	14/57 c	27/80	15/59 pc	
Helsinki	22/71	16/61 r	25/77	16/61 pc	
Istanbul	24/75	15/59 pc	24/75	16/61 pc	
Kiev	24/75	15/59 c	24/75	14/57 c	
Las Palmas	24/75	19/66 pc	24/75	19/66 pc	
Lisbon	24/75	16/61 pc	24/75	16/61 s	
London	23/73	15/59 pc	24/75	16/61 pc	
Madrid	30/86	15/59 c	30/86	15/59 pc	
Mallorca	28/82	18/64 c	29/84	18/64 pc	
Milan	27/80	19/66 r	28/82	19/66 c	
Moscow	26/79	16/61 pc	26/79	16/61 pc	
Munich	26/79	14/57 pc	26/79	16/61 pc	
Nice	27/80	19/66 pc	27/80	21/70 pc	
Oslo	17/62	16/61 sh	24/75	16/61 sh	
Paris	29/84	13/55 pc	24/75	14/57 pc	
Prague	28/82	15/59 pc	28/82	16/61 s	
Reykjavik	12/53	9/48 c	12/53	5/41 sh	
Riga	26/79	19/66 pc	26/79	18/66 pc	
Rome	28/79	17/62 c	28/82	19/66 pc	
St. Petersburg	23/73	14/57 sh	25/73	20/68 pc	
Stockholm	18/64	17/62 r	24/75	17/62 pc	
Strasbourg	33/91	19/66 pc	30/86	17/62 c	
Tallinn	22/71	15/59 r	24/75	19/66 pc	
Tbilisi	30/86	18/64 s	31/88	22/71 s	
Venice	26/79	17/62 c	27/80	19/66 c	
Vienna	29/84	18/64 pc	26/79	17/62 pc	
Warsaw	27/80	15/59 s	29/77	14/57 pc	
Zurich	29/84	17/62 pc	27/80	17/62 c	

Middle East

Abu Dhabi	43/109	29/84 s	43/109	28/82 sh	
Beirut	34/75	19/66 s	28/82	20/71 pc	
Cairo	34/93	19/66 s	32/89	19/66 pc	
Damascus	32/89	12/53 s	31/88	16/61 s	
Jerusalem	28/79	14/57 s	27/80	15/59 pc	
Luxor	41/106	18/64 s	39/102	21/70 s	
Riyadh	40/104	24/75 s	40/104	27/80 s	

Asia

	Today High C/F	Today Low C/F	Tomorrow High C/F	Tomorrow Low C/F	
Almaty	28/82	13/55 s	28/82	16/59 s	
Bali	31/88	22/71 pc	31/88	22/71 pc	
Bangkok	33/89	24/75 r	33/91	26/79 c	
Beijing	35/95	26/77 s	34/93	26/79 s	
Bombay	28/82	24/75 t	29/84	24/75 c	
Calcutta	33/91	26/77 pc	31/88	26/79 pc	
Chiang Mai	34/93	24/75 r	29/84	24/75 r	
Colombo	30/86	24/75 pc	29/84	25/77 pc	
Hanoi	32/89	26/79 pc	32/89	27/80 sh	
Ho Chi Minh	32/89	23/73 r	32/89	24/75 sh	
Hong Kong	29/84	26/79 c	30/86	24/75 t	
Islamabad	39/97	23/73 pc	34/93	21/70 t	
Jakarta	31/88	23/73 pc	31/88	23/73 pc	
Karachi	33/91	26/79 pc	33/91	26/79 s	
K. Lumpur	32/89	23/73 pc	32/89	23/73 pc	
K. Kinabalu	32/89	23/73 pc	31/88	24/75 pc	
Manila	30/86	23/73 r	30/86	24/75 pc	
New Delhi	34/93	25/77 pc	33/91	24/75 sh	
Phnom Penh	31/88	24/75 t	31/88	24/75 r	
Phuket	32/89	24/75 r	33/91	26/79 c	
Rangoon	29/84	24/75 sh	27/80	24/75 c	
Seoul	29/84	18/64 pc	29/84	22/71 pc	
Shanghai	30/86	24/75 sh	29/84	23/73 c	
Singapore	31/88	22/71 pc	31/88	23/73 pc	
Taipei	32/89	24/75 s	31/88	24/75 pc	
Tokyo	28/82	22/71 pc	26/79	23/73 c	
Vientiane	29/84	21/70 r	29/84	23/73 r	

Africa

Algiers	32/89	21/70 pc	31/88	30/59 pc	
Cape Town	17/62	10/50 sh	13/55	3/37 c	
Casablanca	21/70	16/61 c	21/70	17/62 pc	
Harare	22/71	10/50 s	22/71	10/50 s	
Lagos	28/82	25/77 pc	27/80	23/73 c	
Nairobi	24/75	10/50 c	25/77	12/53 pc	
Tunis	32/89	22/71 s	33/91	21/70 pc	

North America

	Today High C/F	Today Low C/F	Tomorrow High C/F	Tomorrow Low C/F	
Anchorage	17/62	10/50 sh	17/62	9/48 sh	
Atlanta	30/86	19/66 s	32/89	20/68 pc	
Boston	22/71	16/61 pc	22/71	16/61 pc	
Chicago	28/82	18/64 pc	29/84	19/64 pc	
Dallas	34/93	21/70 s	33/91	23/73 s	
Denver	33/91	16/61 t	33/91	14/57 pc	
Detroit	29/79	15/59 pc	27/80	17/62 pc	
Honolulu	31/88	24/75 pc	30/91	24/75 pc	
Houston	33/91	23/73 t	32/89	21/70 s	
Los Angeles	32/89	20/68 s	32/89	17/62 pc	
Miami	33/91	24/75 pc	33/91	24/75 pc	
Minneapolis	29/84	18/64 c	28/82	17/62 pc	
Montreal	23/73	13/55 pc	22/71	14/57 pc	
Nassau	32/89	23/73 s	31/88	24/75 pc	
New York	24/75	17/62 c	25/77	19/66 pc	
Orlando	32/89	22/71 pc	32/89	23/73 pc	
Phoenix	42/107	28/82 t	41/106	27/80 pc	
San Fran	22/71	14/57 s	23/73	14/57 pc	
Seattle	22/71	14/57 sh	21/70	11/52 sh	
Toronto	24/75	13/55 pc	24/75	13/55 pc	
Vancouver	18/61	13/55 r	17/62	6/43 pc	
Washington	27/80	18/64 sh	27/80	18/66 pc	

Latin America

Buenos Aires	14/57	3/37 pc	17/62	6/46 pc	
Caracas	29/84	22/71 c	29/84	22/71 pc	
Lima	21/70	17/62 pc	21/70	19/66 pc	
Mexico City	22/71	12/53 c	23/73	13/55 pc	
Rio de Janeiro	23/73	18/64 pc	24/75	19/66 pc	
Santiago	20/68	10/50 pc	25/77	12/53 s	

Oceania

Auckland	16/61	8/46 pc	13/55	9/48 sh	
Sydney	15/59	6/43 s	15/59	5/41 s	

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sh-snow, hice, W-Weather All maps, forecasts and data provided by AccuWeather, Inc. © 1997

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THE AMERICAS

The Republicans Rev Up — for 2000

By Richard L. Berke
New York Times Service

INDIANAPOLIS — Like it or not, the curtain is up on the presidential campaign for 2000. And nowhere was that more apparent than here in the heartland over the weekend.

The scene at a Republican conference at Indianapolis's convention center would have been expected if the Indiana primary were 32 days away — not 32 months: Prospective presidents were plying their stump speeches and courting reporters and donors. There were rank-and-file Republicans sizing up the field. And, of course, there were bumper stickers aplenty. Most were emblazoned with the expected names, although there were surprises, like "Thurmond-Helms 2000. Don't Waste 200 Years of Experience."

When the Midwest Republican Leadership Conference last gathered in Indianapolis, in 1979, a reporter at the event noted that the joint appearances of presidential competitors had become "cattle shows."

These days, cattle shows are an established, albeit interminable, rite of American politics. But never in memory have the shows started so early. The usual starting point for events like this is after the midterm elections, although in 1993 some traditionalists were aghast that New Hampshire Republicans dared stage a dinner with presidential hopefuls in late October.

But on this lazy weekend at the height of a sweltering summer, when even President Bill Clinton is on extended vacation, Republicans who want his job flocked to the conference, which attracted more than 1,000 Republicans and lobbyists from 13 states.

Johnathon Willey, executive director of the Republican Party in Indiana, said it was no feat to lure party luminaries here. "When one candidate sees that another is coming, they also want to be there as well to try to compete."

His boss, Michael McDaniel, chairman of the state party, repeated this boastful mantra all weekend: "I believe we are not only going to have the eventual nominee but the next president."

Two of the potential nominees on the roster, Governor George Bush of Texas and Senator Fred Thompson of Tennessee, were the subject of particular interest because they had never before attended these cattle shows.

Other speakers included veterans of these events: Dan Quayle, the former vice president; Jack Kemp, the vice presidential nominee last year; Lamar Alexander, the former governor of Tennessee; Speaker Newt Gingrich of the House; Steve Forbes, the multimillionaire publisher; Alan Keyes, a radio broadcaster, and Representative J.C. Watts of Oklahoma, who is angling to run for vice president.

"Everybody who's anybody is here," said Betty Landiss Holmes, who works part-time in a library in Louisville, Kentucky, and has long been active in Republican politics. Mrs. Holmes, who said she was "barely past 65," said she had traveled here to inspect the presidential timber and would "go back to Kentucky to spread the word."

The intense, and early, jockeying results in part from the attractiveness of running for the White House in 2000: There will be no incumbent president seeking re-election and, for the first time in decades, no obvious Republican heirs apparent are waiting for their turns.

"In the past, we've always turned to the guy who's gone around the track the most times," said Al Hubbard, a former Republican chairman in Indiana. "I think it's hurt us because we've been closed-minded to fresh faces." Reminded that the faces here were not all that fresh, Mr. Hubbard replied, "They're not stale yet."

Another factor is that raising millions of dollars to mount a legitimate campaign is so arduous that candidates have to begin assembling staffs as early as possible. Thus, would-be candidates come here to make clear that they are serious, even as detractors mock the gathering as meaningless.

Mr. Quayle did not play coy when asked Friday night why he and so many other White House hopefuls were beginning so early. "You know politics," he said. "If people are serious about running for the White House, it never stops."

POLITICAL NOTES



Wm McNamee/Reuters

ANIMAL HOUSE — Bill and Hillary Clinton find something to laugh at while going through the Martha's Vineyard Agricultural Fair.

Gingrich Defies Clinton on Welfare

INDIANAPOLIS — Newt Gingrich has accused President Bill Clinton of caving in to unions on rules that, he said, undermine the welfare law. The House speaker vowed that his central legislative drive for the fall would be a bill aimed at correcting those weaknesses.

His comments showed a new combativeness after months in which Republicans in Congress have worked closely with the White House on issues like balancing the budget.

But Mr. Gingrich, addressing 1,000 Republicans from Midwestern states who gathered here for the weekend, made it clear he was eager to take on Mr. Clinton over welfare and said he had discussed the matter with Senator Trent Lott, the Republican leader, and other important figures who were ready to join him. His remarks signaled difficult times leading up to next year's midterm elections, if he and other Republicans follow a strategy of attacking Mr. Clinton and the unions on welfare.

"We ought to finish welfare reform by passing this law," Mr. Gingrich said, "a welfare reform implementation bill, because the Clinton administration, working with the unions and the bureaucrats, is trying to undermine and destroy welfare reform."

The 1996 welfare law gives the states control of most of the welfare system, requires recipients to go to work within two years and limits payments to families to five years. When he signed the bill last year, Mr. Clinton called it imperfect and vowed to fight for changes, many of which he won in the balanced-budget bill he signed last month. *(NYT)*

Businessmen Back Virginia Spending

CHARLOTTESVILLE, Virginia — Hoping to counter the tax-cut fever fueling the Virginia governor's race, business leaders from throughout the Old Dominion are planning a fall campaign to try to convince voters and lawmakers that the state should spend more on roads and schools.

The executives are fighting the zeal for budget-balancing and tax-cutting that has spread in recent years. In a striking role reversal, many of Virginia's business leaders now are agitating for more spending, while the candidates for governor are hesitant to promote grand building programs.

The more than 100 executives, including Republicans and Democrats, plan to use their clout and wealth to try to accomplish what they say politicians can't, or won't. *(WP)*

Quote/Unquote

Governor George Bush of Texas, a rising star of the Republican Party, on speculation about a 2000 presidential bid: "I'm not planning to follow in my father's footsteps. I will not jump out of any airplane." *(AP)*

Clinton Seeks More Leeway To Do Deals On Free Trade

By James Bennet
New York Times Service

EDGARTOWN, Massachusetts — President Bill Clinton has called on Congress to give him greater freedom to negotiate free trade agreements with other countries, getting a jump on one of the toughest legislative challenges that await him when he returns from his Martha's Vineyard vacation.

In his weekly radio address, Mr. Clinton made a detailed defense of his economic strategy, which he said hinged on opening more markets abroad with "tough new trade agreements."

"To keep our economy growing and to create these good jobs," he said, "we must keep tearing down foreign barriers to American goods and services."

Mr. Clinton is seeking "fast track" authority, which would give the administration greater flexibility in seeking new trade accords around the world, including a long-promised extension of free trade privileges to Chile. The fast-track legislation would allow the administration to negotiate trade accords that Congress could approve or disapprove, but not amend.

The theory is that if Congress could change the contents, negotiations would never stop. The last fast-track authority lapsed three years ago.

But the president faces stiff opposition within his own party, in a debate that is likely to figure prominently in the next presidential race. With the backing of labor unions, Representative Richard Gephardt, Democrat of Missouri, the House minority leader, opposes the legislation.

Opponents say that the North American Free Trade Agreement has cost America jobs, depressed wages and damaged the environment along the border, assertions that the Clinton administration disputes.

Trying Saturday to blunt the main objections to his trade policy, Mr. Clinton said he would "continue to promote worker rights and responsible environmental policies with our trading partners."

The administration is now counting on passage of the legislation this fall, since it probably could not win congressional approval in 1998, a midterm election year.

Mr. Clinton plans to submit the legislation in the second week of September, aides said.

A Federal Cure for a Glut of Doctors

By Amy Goldstein
Washington Post Service

WASHINGTON — The federal government has agreed to pay hospitals around the United States hundreds of millions of dollars not to train doctors, in a highly unorthodox initiative aimed at cutting back a growing glut of physicians.

The initiative, contained in the new federal budget agreement, extends to America's 1,025 teaching hospitals an offer similar to a controversial experiment approved for New York earlier this year.

That experiment, which will pay hospitals in that state $400 million over the next several years while they gradually decrease the number of young doctors they train, drew an outcry from teaching hospitals elsewhere that felt New York had wangled a lucrative special deal. Their protests attracted the sympathy of congressional Republicans who decided that, instead of trying to block the money for New York, they would expand the opportunity nationwide.

The payments represent a rare attempt by the federal government to use subsidies as leverage to shrink a particular work force.

"I know of no profession where there has been as much federal effort to regulate," said Uwe Reinhardt, a health economist at Princeton University. "You don't do it for economists, for architects, for engineers."

The payments also are the government's first effort to constrict the pipeline of people entering the medical profession. Several influential groups have warned recently that America has too many doctors, particularly specialists, and have urged the federal government to impose limits on the number of recent medical school graduates, known as residents, who pursue several years of advanced training before beginning to work on their own.

But until now that advice has met with legislative resistance. The New York experiment and the nationwide initiative hinge on changes in Medicare, the federal insurance program for the elderly and disabled. Since it began, Medicare has heavily underwritten residency training programs and has, in effect, turned residents into prized and inexpensive labor for their hospitals. Taxpayers spend $7 billion a year on the training of residents.

Until now, many teaching hospitals have been reluctant to cut back, because every resident translates into an average subsidy of $100,000 a year.

"It has not been financially rewarding to downsize," said Muncey Wheby, associate dean for graduate medical education at the University of Virginia.

Under the budget agreement, hospitals that downsize will not get extra money outright. But if they volunteer to reduce their residency programs by 20 percent or 25 percent over five years, Medicare will cushion the financial blow. For the first two years, it will pay the whole subsidy for the missing residents. After that, the payments will taper off for three years.

The agreement also essentially forbids hospitals to increase the sizes of their residency programs.

Administration health officials and leading Republicans say that the initiative will give hospitals a powerful incentive to train fewer doctors and that Medicare will save money in the long run. After five years, the payments will cease.

But others suggest that hospitals will be rewarded needlessly for cutbacks that some have already started to make.

"I don't know where the hell a Republican Congress gets off doing labor-force planning for the medical profession," said Robert Moffit, deputy director for domestic policy studies at the Heritage Foundation, a conservative think tank. "As an economic principle, it is absurd."

How many physicians America produces has important effects on the cost of the health care system. The greater the number of doctors, research has shown, the more medical tests and expensive specialist treatment patients tend to receive, because physicians find subtle ways to keep themselves employed.

With more than 700,000 physicians, the United States has more doctors per capita than virtually any other country.

AMERICAN TOPICS

California Ponders the Fate Of Smokers' Last Bastions

Smokers have already been banished from airplanes and from many workplaces and restaurants. Now Californians are debating whether to throw them out of the one public place where many could puff in peace — bars.

The workplace ban on smoking enacted by the state in 1994 is one of the toughest in the country: It prohibits smoking in most indoor workplaces and allows local governments to enforce even stricter ordinances, which scores of cities and counties have done. But the 1994 law temporarily exempted bars and casinos. Unless the state assembly now extends that exemption, smoking in such establishments will be banned by year's end.

Some bar owners say a ban could drive them out of business. Beverly Mathis-Swanson, a spokesman for a group called Tavern Owners United for Fairness, predicts many customers will stay home if smoking is outlawed. "A few will pop in and have a fast one, but they won't stay and chitchat and play a game of pool and make a nice evening of it," said Mathis-Swanson, half-owner of the One Double Oh Seven Club and Smoking Parlor in Santa Cruz.

Other bar owners, however, say they have gone smoke-free, voluntarily, almost painlessly. Lou Moench, proprietor of a Santa Monica pub, banned smoking at his establishment five years ago. "We have continued to flourish," he said.

For now, the legislation to extend the exemption is caught in a procedural tangle.

Short Takes

Spanking is increasingly viewed by Americans as a form of abuse with no place in school or home. Since 1974, 27 states have banned paddling in schools. Public condemnation of spanking has grown steadily. In 1968, a survey found that 94 percent of Americans thought children needed "a good spanking" from time to time. By 1995, the figure had fallen to 67 percent. Yet what people say often differs from what they do. In a 1994 survey, 75 percent of psychologists said they opposed spanking, yet 48 percent admitted to having spanked their own children. And debate continues on spanking's effects: A study reported recently to the American Psychological Association found that children who had been spanked have more behavioral problems as adults than those who had not been; but this survey has been challenged as being based on unrepresentative samples.

Religious supply stores say that statues of St. Joseph are one of their biggest selling items. The reason: The statues are bought by home-sellers for burial in the yard, in the belief that the patron saint of the home can expedite a sale. The belief is a persistent one: Each year, more than 2 million of the statues are sold.

When Shari Puorto, 29, and Missy McLain, 28, finally got around to clearing out the garage in a house they rent in Hermosa Beach, California, they made a grisly discovery: Inside the black plastic garbage bags piled up in a corner were arms, legs, skulls and other human remnants.

"I ran out of the garage panicked," Ms. Puorto told the Los Angeles Times. "It was very surreal."

The parts were well-preserved, and police, examining the find, noticed a smell of formaldehyde. Turns out that they had been left there by a former tenant, an overzealous chiropractic student, who said he had brought them home from school for "home study."

Authorities are investigating whether the man broke any laws.

Brian Knowlton

Away From Politics

• **A 2-day-old baby boy was** abducted from a hospital in Lakeland, Washington, by a woman who walked in wearing a white lab coat and helpfully took the child from his mother's arms so she could get some rest. The baby was recovered unharmed. *(AP)*

• **A long week for hamburger lovers and Burger King** should end with beef back on most grills of the fast-food chain, which has been stung by the largest meat recall in U.S. history — 25 million pounds of patties processed at a Hudson plant in Nebraska. One of every four Burger Kings couldn't immediately replace their beef and had to substitute ham-and-cheese sandwiches and BLTs for the Whopper. *(AP)*

• **A U.S. Appeals Court in New York** has upheld the constitutionality of a state law that calls for the names and addresses of thousands of sex offenders to be made public. State officials said they would release the names next month. *(NYT)*

• ***The FBI sniper* who shot** and killed Vicki Weaver, the wife of white separatist Randy Weaver, in the 1992 siege at Ruby Ridge, Idaho, has been charged with manslaughter just before the five-year statute of limitations would have foreclosed criminal prosecution. Idaho prosecutors charged a friend of the Weavers, Kevin Harris, with first-degree murder for killing U.S. Marshal William Degan in the gunfight that began the confrontation. *(WP)*

• **A $205 million NASA** science mission failed to get off the ground on Sunday when two shrimp boats strayed into the launching danger area offshore. *(Reuters)*

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Gangs' Gunfire Disrupts Macau's Sluggish Waiting Game

By Edward A. Gargan
New York Times Service

MACAU — It was just another night in Macau.

A warm rain glazed the pavement as the solitary man parked his scooter and strolled into the Mou Kei Restaurant. He looked around, walked swiftly to the table where Ng Ming-chuen, a casino operator, was presiding over a boisterous dinner, whipped out a 9mm automatic and fired into Mr. Ng's stomach. Then he turned, strode out of the restaurant, mounted his scooter and disappeared into the night.

For six months, this tiny Portuguese colony on the south China coast has been engulfed in a gang war of increasing ferocity — a war of contract killings, firebombings and intimidation — for control of the territory's gambling industry, the heartbeat of Macau's otherwise sluggish economy.

"Everybody wants a bigger share of this cake," said a senior Chinese journalist here who asked that his name not be used because the gangs, known as triads, have been harassing journalists.

Like Hong Kong earlier this year, Macau will return to Chinese rule. And with the surrender of Macau on Dec. 20, 1999, Portugal, which established the first European beachhead on the Asian mainland here in 1557, will bow out as the last European colonial power in Asia.

But Macau is nothing like Hong Kong, the former British colony only 65 kilometers to the east. No longer the center of Asian commerce it was in the 17th and 18th centuries, Macau lingers on the fringes of Portuguese memory as it continues its decline into a setting for gang wars, gamblers and high-heeled prostitutes, a territory already controlled less by Portugal than China.

When Captain Edward Belcher planted the Union Jack on Hong Kong Island to assert Britain's imperial claim in 1841, Portuguese merchants had already been busily, and profitably, trading with China for 300 years from their base in Macau. But while Hong Kong went on to become Asia's dominant financial and trading center, Macau sank into obscurity.

Hong Kong, with its great trading houses, formidable banks and its far-superior harbor, ensured the eclipse of Macau. British trade dominated Asia, while Portugal's principal colonial interests increasingly lay in Africa.

Through this century, it has been Hong Kong that served as the refuge for Chinese fleeing war, deprivation or communism.

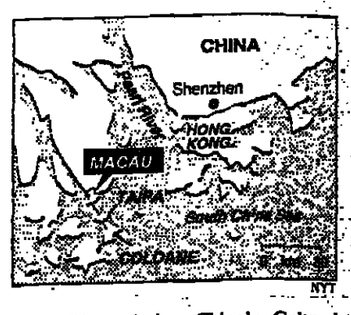
The British, though, treated all Chinese immigrants — whether Cantonese peasants or Shanghai tycoons — as second-class citizens, only at the last moment granting full citizenship to a favored few.

In Macau, on the other hand, in 1981 Portugal offered passports to anyone who had been born in the territory, and since then any child born in the territory with at least one Portuguese parent is also entitled to citizenship.

Now, 27 percent of Macau's 450,000 people are Portuguese citizens with the right to live anywhere in the European Union.

Still, despite the colonnaded squares and thick-walled buildings in Portuguese pastels, and the restaurants offering chorizo sausage and vinho verde, the small peninsula and two nearby islands that make up Macau have all but lost the tincture of Iberia. Economically, culturally, politically, China runs this place.

While Hong Kong's last governor, Chris Patten, adopted a combative posture toward Beijing, making the transition to Chinese rule rocky and uncertain, Macau's Portuguese rulers have enjoyed a largely cooperative relationship with China. In reality, Portugal all but relinquished control of Macau in the late 1960s, during China's Cultural Revolution.



NYT

Then, after the Portuguese revolution of 1974, which brought the introduction of democracy and dismantling of empire, Lisbon's interest in Macau ebbed almost completely and the new government even sought the immediate return of Macau to Chinese rule.

Although it is not entirely clear why China was slow to reassert formal control over Macau, one concern seems to have been that problems in trying to integrate the territory might impede the handover of Hong Kong.

"China dominates industry, textiles, real estate, all new building, gambling," said Rui Afonso, a lawyer and member of Macau's Legislative Assembly. "And the Chinese here are very patriotic. I mean it. They have very close ties to China."

Across the traffic circle from Macau's biggest money-spinner, the Lisboa Casino, the granite-and-glass monolith of the Bank of China casts its long shadow over the territory. At newsstands, the biggest-selling paper is the Chinese-owned Macau Daily. Neighborhood associations, trade unions and civic groups all are dominated by the Chinese Communist Party.

"All this is because in 1966 there was a rebellion against the Portuguese government led by Beijing," said Antonio Ng Kwok-cheong, a social worker for the Christian aid agency Caritas and the sole pro-democracy lawmaker in the 23-member assembly. "They succeeded. To this day, China controls Macau."

Yet as Macau trundles toward formal Chinese suzerainty — Portugal declared in 1976 that China was Macau's sovereign and that it was only administering the territory — the Portuguese government is confronting a sudden explosion of turf wars by competing triads, a civil service virtually devoid of local people at the top and an economy sinking under a glut of speculative real-estate deals and foreign indifference.

"Macau was never an international place," said Mr. Afonso, perhaps only forgetting the first centuries of Portuguese rule, when Macau was the staging point for fleets of Portuguese galleons plying Asian waters and for Jesuits bent on claiming China and Japan for Roman Catholicism.

"The international community — the Europeans, the Japanese, the Americans — never had any stake in the market. We don't have a single Japanese bank here."

Not everyone here, though, is pessimistic about Macau's prospects.

"We had two factories in Hong Kong," said Eric Yeung, a Hong Kong businessman, cradling in his hand a 1950s-model Chevrolet, one of the precision toy models his company, Perfekta Toys Ltd., makes. "The labor supply there was very tight. We looked at Taiwan but Macau was nearby."

Few Hong Kong industries followed in Mr. Yeung's wake, preferring to locate factories across the border in China, where labor and land were plentiful and wages low. Today, manufacturing contributes less than 15 percent to Macau's economy, while gambling and tourism continue to grow, now making up 43 percent of the territory's gross domestic product. The remainder is made up of banking and real estate.

This last sector, though, is crumbling rapidly. On new land wrenched from the sea, block after block of dusty office towers and empty-eyed apartment buildings march outward from the Avenida da Amizada, the product of frenzied property investment by mainland Chinese in the early 1990s. Almost all the buildings stand vacant, as do clusters of white apartment towers on the islands of Taipa and Coloane.

In many ways, though, the territory's economic woes are less Portugal's worry than China's. With more than half the investment in Macau coming from China and with the Bank of China and the Chinese conglomerate, the Nam Kwong group, controlling virtually every important business sector, Portugal, whose investments here are tiny, is concerned only about maintaining friendly relations with Beijing.

As Portuguese rule winds down, it has been the rising gang combat that worries most people here.

At one of the restaurants along the waterfront Avenida da Republica, where rows of umbrella-covered tables stand mostly empty, a local restaurateur complained bitterly about the triad wars.

"It's very, very bad," he said, asking that his name not be used. "We've lost about 60 percent of our business. People are not coming from Hong Kong."

Stalemate Fails to Quell Afghans' Taste for War

Taleban Morale Is High Despite Setbacks

By John F. Burns
New York Times Service

HOTKI PASS, Afghanistan — When Abdur Rauf passed through this desolate outpost Saturday on his way to the current front line of the Afghan war, he was filled with the sense of divine mission that comes with being a fighter for Taleban, the hard-line Islamic movement that controls about two-thirds of Afghanistan.

Leaning through the window of a Japanese pickup truck, Mr. Rauf, 25, said he was not daunted by the artillery fire echoing beyond the pass, where the forces of a more moderate Afghan leader, Ahmed Shah Masoud, have been probing Taleban defenses.

In fact, Mr. Rauf said, he could hardly wait to join his fellow Taleban fighters in one of the rock-and-mud bunkers that dot the barren landscape.

"I am not afraid of dying, because this would be martyrdom," he said, fingering a cloth-wrapped copy of the Koran that was wedged between the dashboard and the windshield of his vehicle.

"The Koran teaches us that it is a blessing to die for Islam, and that God will give me paradise in return."

For Mr. Rauf, and for dozens of Taleban fighters encountered on the Shamwali Plain north of Kabul, the Afghan capital, it seemed to matter little that the fighting raging nearby puts Taleban back where it was almost a year ago.

In the first week of October 1996, after Taleban captured Kabul from Mr. Masoud's forces, the battlefront on one of two roads running northward from Kabul to the Hindu Kush mountains was just where it is now, at Hotki Pass.

Earlier this year, Taleban troops virtually rolled over the Masoud forces and two allied opposition groups. By late May, Taleban had entered Mazar-i-Sharif, a city 400 kilometers (250 miles) north of Kabul that has been the principal stronghold of the so-called northern alliance forces.

For a moment, it looked as if the war might soon be over. But the Taleban forces overreached, suffering a debacle that cost them about 400 men killed, at least 3,000 captured, and a humiliating retreat almost all the way back to Kabul.

In Mazar-i-Sharif, Taleban commanders tried to impose their harsh form of Islamic rule on a population accustomed to a more moderate way of life.

This ignited ethnic hostilities, too, since Taleban forces are composed overwhelmingly of Pashtuns, the mainly southern group that accounts for more than 40 percent of the Afghan population of 15 million to 20 million, while the northern alliance brings together forces that represent the minority Tajik, Uzbek and Hazara populations concentrated in the central and northern regions of the country.

Three months later, the war appears to have reached a stalemate.

For three weeks the Masoud forces have been stalled, controlling a salient that runs south from the southern escarpment of the Hindu Kush along the so-called old road across the Shamwali Plain to a point about 20 kilometers north of Kabul.

Along the second major road that crosses the plain, the "new road" that runs 15 kilometers farther east, the Masoud forces have been held at Hotki Pass, about 30 kilometers from Kabul.

As in much of the fighting in Afghanistan in the last 20 years, life at the front is a desultory affair.

Only rarely do opposing forces encounter each other in infantry battles. Instead, they stand off across a no-man's-land of several kilometers, firing salvos from Soviet-made field guns and rocket launchers.

Occasionally, a shell or a rocket falls on an enemy bunker or encampment, but more often it is civilians in the villages that dot the plain who are the casualties.

According to officials of the UN High Commissioner for Refugees, nearly 200,000 people have fled the Shamwali Plain this year. This represents most of the population of a region that, in its more fertile areas on the western side of the plain, has been Kabul's traditional breadbasket.

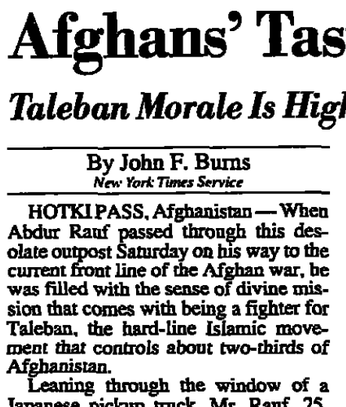
The exodus has swollen the already overstretched capacities of the capital, where about a million people struggle to survive in a city that is at least two-thirds rubble from earlier phases of the war.

Kabul is an ever more desperate place. The streets are filled with beggars of all ages, their hands reaching for the few ragged Afghan notes that will buy one of the flat, oval-shaped loaves of bread called nan that are the basic Afghan diet.

Most of the supplicants are men and boys. But despite Taleban's repressive rules for women, which have included closing all schools for girls, banning women from holding jobs and ordering women to stay off the capital's streets, small groups of women continue to defy the edicts, many of them to join in the begging.

Western aid officials calculate that at least a third of the city's population, perhaps a half, depend on food handouts from aid agencies.

But the desperation seems to have little impact on the men who prolong the war, who continue to speak, as military commanders in Afghanistan have done for two decades, of the breakthrough that will bring final victory, or at least such a weakening of opposing forces that terms of peace can be dictated.



NYT

KASHMIR: *Tensions Boil Over*

Continued from Page 1

Kashmir as an integral part of India. Islamabad wants the predominantly Muslim Kashmiris to decide in a UN-mandated plebiscite whether to join Islamic Pakistan or Hindu-majority India. Some of the Kashmiri groups fighting Indian rule seek an independent state.

National television in India and an Indian Army spokesman said the firing began across the frontier zones of Uri and Kargil in India on Friday and later spread along the 1,200-kilometer (750-mile) control line.

The army spokesman, speaking from Jammu, said fighting was continuing.

He said Indian troops had seen "Pakistani soldiers carrying their dead and wounded" after the exchanges of fire. He said they "resorted to artillery fire and pounded our positions with mortar. We retaliated with artillery."

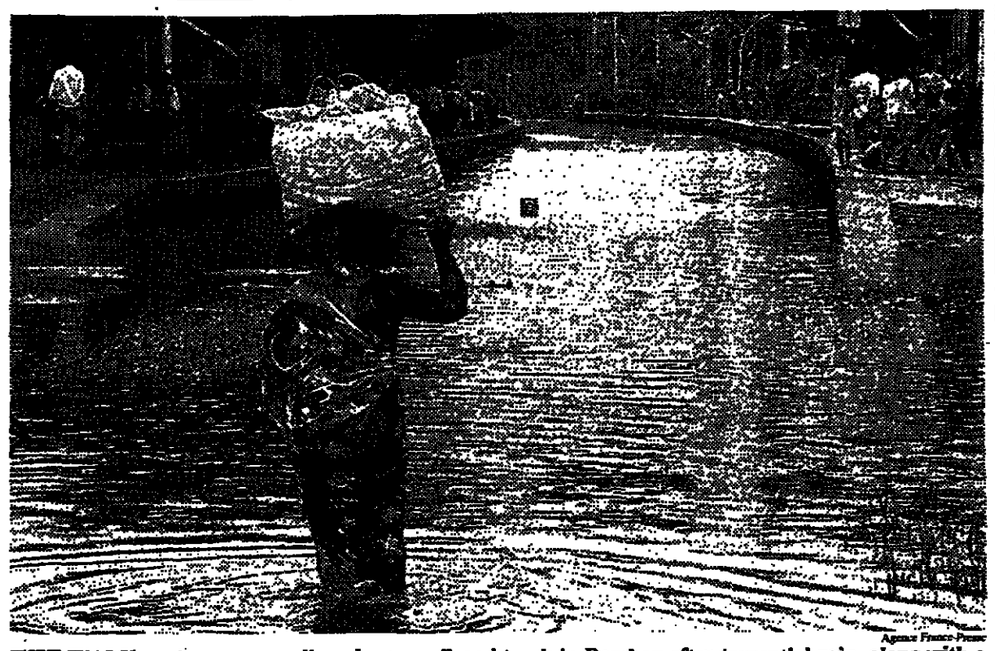
The Press Trust of India said fighting, mainly with small arms, was continuing at eight places on Sunday.

Indian officials said the heaviest shelling was occurring at Uri, 400 kilometers northwest of Jammu, while there was also an artillery duel at Kargil, to the east of Uri.

An Indian Defense Ministry spokesman in New Delhi said that the Pakistanis had fired 500 artillery rounds, "besides many, many thousands of small arms fire."

Abdul Aziz, a Muslim Indian villager from near the Uri border, confirmed that there had been "loud explosions," adding that it was the first time for several years "that we saw Indian soldiers fire heavy artillery on Pakistan."

(Reuters, AFP, AP)


Agence France-Presse

WET WALK — A woman wading along a railroad track in Bombay after torrential rain, along with a high tide, caused heavy flooding that killed five people. Forecasters predicted rain through next weekend.

BRIEFLY

China Defends Policy on Tibet

BEIJING — China hit back Sunday against accusations by a U.S. congressman that it exerted a "death grip" on Tibet, saying Tibetans were happier and wealthier and the only monks in jail were those seeking independence.

The chairman of the regional People's Congress, Raidi, said Tibetans enjoyed full religious freedom and that crackdowns on those who used religion in their campaign to end Chinese rule were aimed at safeguarding the religious rights of Tibetans. His remarks were carried by the official Xinhua news agency.

Of the U.S. congressman, Jim Wolf, Republican of Virginia, he said, "All people with a sense of justice, including the Tibetan people, are enraged by his actions." Mr. Wolf visited Tibet unannounced from Aug. 9 to 13 and asserted that the capital, Lhasa, was being swamped by government-sent Chinese settlers and that Tibet was disappearing.

Mr. Raidi responded, "There are followers praying with prayer wheels in hand in all major monasteries in Lhasa and no one interferes in their activities." He said the region had 46,000 monks and nuns who were allowed to worship freely. *(Reuters)*

Ramos Denounces Archbishop

MANILA — President Fidel Ramos denounced the Philippines' top churchman as un-Christian on Sunday and accused him of fomenting divisions in the country.

Mr. Ramos did not mention Cardinal Jaime Sin by name, but left no doubt he was referring to Manila's powerful Roman Catholic archbishop. Cardinal Sin said Wednesday that Mr. Ramos had lost the people's trust and urged them "to dissociate themselves from supporting" his administration.

Addressing charismatic Christians, Mr. Ramos said Sunday that unity was vital in nation-building. "This is why I consider it un-Christian and unpatriotic for anyone to call for noncooperation and divisiveness," he said. *(Reuters)*

Clashes Mark Bangladesh Strike

DHAKA, Bangladesh — Police used riot sticks and tear gas Sunday in running battles with opposition activists during a general strike that kept transportation off the streets and shut businesses across Bangladesh, witnesses said.

Clashes erupted in Dhaka and its suburbs after activists exploded dozens of bombs to scare away the few people who ventured on the streets. Witnesses said up to 50 people were injured. About 30 activists were arrested, they said.

The daylong strike was called by Khalida Zia, chief of the main opposition Bangladesh Nationalist Party, to protest an increase in fuel prices. *(Reuters)*

Taipei May Lose Saint Lucia Tie

TAIPEI — Taiwan said Sunday that it was making a last-ditch effort to keep the Caribbean country of Saint Lucia from switching diplomatic recognition to the island's rival, China.

But Foreign Minister John Chang said Taiwan would not feel frustration if Saint Lucia did switch ties, because it would soon establish official relations with another country.

The newspaper China Times reported that Taiwan's ambassador to Saint Lucia had been advised of the decision on Saturday. Mr. Chang said Taiwan was "making greatest efforts" to preserve ties with Saint Lucia.

He said if Saint Lucia did switch recognition to Beijing, "we would not be upset by such a small frustration."

"Actually, a country will develop official ties with us," he said. He declined to identify the country. *(Reuters)*

Hun Sen's Troops Overrun Rebel Town

Compiled by Our Staff From Dispatches

CHONG CHOM PASS, Thailand — Cambodian troops loyal to Hun Sen on Sunday overran O'Smach, the last frontier town held by the ousted first prime minister, Prince Norodom Ranariddh, witnesses said.

A pocket of fewer than 50 of Prince Ranariddh's soldiers, they said, abandoned their last position near the border before sunset Sunday, taking with them a portrait of King Norodom Sihanouk from a wall of a pavilion on the edge of O'Smach.

Some of the troops were seen leaving the town on an armored personnel carrier while others followed on foot, apparently heading toward Anlong Veng, stronghold of the Khmer Rouge, who also are fighting Mr. Hun Sen.

Fighting erupted in western Cambodia after Second Prime Minister Hun Sen staged a coup against Prince Ranariddh in Phnom Penh on July 6. The two had headed an uneasy coalition government that emerged from United Nations-sponsored elections in 1993.

Mr. Hun Sen steadily gained the upper hand across Cambodia, and cornered the last of Prince Ranariddh's forces in O'Smach.

Thai soldiers guarding the frontier with Cambodia took up firing positions because it was feared that troops loyal to Mr. Hun Sen would push their rival faction across the border.

Witnesses said that gunfire died down in O'Smach after Prince Ranariddh's forces gave up resistance, but journalists monitoring the fighting said they did not see Mr. Hun Sen's soldiers moving up to secure the border.

Thai military sources estimated that each side lost about 50 soldiers during 10 days of clashes at O'Smach.

They said at least four wounded supporters of Prince Ranariddh were permitted to enter Thailand on Sunday for medical treatment.

Thai military sources did not confirm the fall of O'Smach, however. Major General Chirasak Prommopakorn, chief of Thailand's northeastern Suranaree Task Force, said: "O'Smach has not fallen. In my opinion, fighting will continue and get worse."

Analysts in Phnom Penh said the abandonment of the royalist stronghold would not necessarily mean an end to the fighting in Cambodia.

They pointed to Hun Sen's remarks this week that he would seize Anlong Veng from the Khmer Rouge next, and to comments from officials that they were ready to fight the Khmer Rouge.

"We will crack down on all anarchic forces," Tea Banh, co-defense Minister, said Sunday. "Anlong Veng is the next step." *(Reuters, AP)*

Japan Agonizes Over Its Role in Event of Conflict Over Taiwan

By Nicholas D. Kristof
New York Times Service

TOKYO — What would happen if a war erupted between China and the United States over Taiwan, and Washington asked Japan for support?

Japanese government officials are tying themselves in knots these days addressing that issue — or, sometimes, not addressing that issue.

The contortions have fueled a battle within Japan's dominant political party and provoked new tensions between China and Japan. The strains are coming at an awkward time: Prime Minister Ryutaro Hashimoto is to travel to Beijing early next month to try to strengthen relations.

Chinese officials were particularly offended by the statement of one senior Japanese politician that Japan might back up any U.S. military action in the area around Taiwan.

"This is a signal of the Japanese intention to undertake military intervention on the Taiwan issue," the official People's Daily declared last week in Beijing. The Chinese government has expressed "serious concern" and demanded that Japan explain remarks by a top official.

Prime Minister Li Peng added that a Japanese official's comments were "utterly unacceptable" and warned that China was remaining vigilant about "militaristic elements in Japan."

The fuss is a bit theatrical, because everybody knows that in the end Japan will neither commit itself explicitly to backing up any U.S. military action in Taiwan nor exclude that possibility. Instead, it will preserve some ambiguity.

Still, the issue of Taiwan is one of the most sensitive in Asia, and the current uproar has underscored the growing discord within the Japanese government about security issues and relations with China.

The issue arose because Japan and the United States are revising guidelines about military cooperation. Koichi Kato, secretary-general of the Liberal Democrats, who lead the governing coalition, declared that the guidelines were being revised with the Korean Peninsula in mind.

That reassured China by suggesting that U.S.-Japanese military cooperation was under discussion simply because of the risk of a new Korean war.

But then one of Mr. Kato's adversaries in the governing party offered a different interpretation. Seiroku Kajiyama, the chief cabinet secretary, said in a television interview Aug. 17 that the new guidelines "naturally cover" any military conflict in the Taiwan Strait.

Mr. Kajiyama noted that security relations between the United States and Japan would be in deep trouble if Japan refused to provide support for the United States in any conflict involving Taiwan.

"We have strong anxieties about a possible military liberation of Taiwan by mainland China," Mr. Kajiyama added, in a triumph of candor over diplomacy.

No one is suggesting that Japan would actually send troops or ships to Taiwan in the event of war. The issue is whether Japan would allow the United States to use its bases on the Japanese island of Okinawa in a conflict against China and whether Japan would provide such assistance as spare parts or fuel to the Americans or medical care to the wounded.

Mr. Hashimoto has not taken a public position on the issue, but his government has tried to defuse it by restating the formal position that the military guidelines do not refer to any specific country.

EUROPE

Pope Ends Visit to Paris With a Mass for a Million Young People

By Charles Trueheart
Washington Post Service

PARIS — Pope John Paul II returned to Rome after celebrating Mass on Sunday before a crowd of more than 1 million mostly young Roman Catholics. The police estimate of the faithful who turned out at a racecourse on the edge of Paris was nearly double expectations for the climax of this papal visit to Paris.

Three-quarters of a million pilgrims who flocked here for a Catholic youth festival spent the night on the 55-hectare (135-acre) infield of the Longchamp racetrack, and in the nearby woods of the Bois de Boulogne, after the Pope led a candlelight vigil Saturday night.

When he returned to Longchamp on Sunday morning, exuberantly acclaimed once again as he traversed the crowd in his glassed-in "Popemobile," the Pope had drawn several hundred thousand more for an open-air Mass.

The police said that as many as 200,000 people watched the event on big screens outside the racetrack perimeter, not counting spectators who followed the ceremonies on live television in France and around the world.

Echoing a theme of his messages during four days in France, Pope John Paul called on the young to "go forth now along the roads of the world, along the pathways of humanity while remaining united in Christ's church."

Sheltered from the punishing sun by white umbrellas, the pontiff addressed the congregation in 12 of their languages, directing a special message to the dispossessed of Central Africa's war-ravaged Great Lakes region: "Dear friends, we know what hardships your peoples have experienced. With your friends in Paris, I say to you, remain courageous and remain the creators of reconciliation and harmony."

The Pope, who is 77 and underwent cancer surgery last year, showed both feebleness and stamina as he completed his 79th foreign trip as head of the Roman Catholic Church. "The longer we live," he said at one point Sunday, "the more we realize how precarious life is, and the more we wonder about immortality."

Standing at his side and during much of his visit to Paris was the city's Roman Catholic archbishop, Cardinal Jean-Marie Lustiger, who is often mentioned as a possible successor to John Paul II.

The six-day World Youth Days festival that concluded Sunday was the last before 2000, when it will take place in Rome as part of the Vatican's commemoration of 20 centuries of Christianity.

The Pope's four days in France were not without controversy in a country with still-strong secular traditions. The French government was criticized for the expense of managing the extraordinary numbers of people who flooded Paris last week and the security necessary to protect the Pope, who was wounded in an assassination attempt in Rome in 1981.

John Paul was also attacked by the governing Socialist Party, among others, for a private visit he paid Friday to the grave of a friend, Jerome Lejeune, who was perhaps France's most outspoken anti-abortion firebrand until his death in 1994. The Pope's strict opposition to abortion and contraception is at odds with the views of most French people, including its Catholic population, and with French law, which has permitted abortion for 22 years.

"France is a free country where everyone can say what they want," Cardinal Lustiger said. "I would find it a little indecent not to allow the Pope to demonstrate loyalty to a friend. You have to excuse this French mania for rows."

Before departing from Orly airport Sunday, the Pope met briefly with Prime Minister Lionel Jospin, a Protestant who heads the Socialist government of this largely Catholic nation.

On Saturday, the Pope preached a message of Christian reconciliation marked by an apology for the massacre of thousands of Protestants by French Catholics exactly four and a quarter centuries ago.

"Christians did things which the Gospel condemns," the Pope said in French during a three-hour prayer vigil at the Longchamp racetrack. He was referring to the slaughter of thousands — and perhaps tens of thousands — in the streets of Paris on St. Bartholomew's Day — Aug. 24, 1572 — that helped spread a religious war in France and still casts a shadow over religious discourse here.

"Belonging to different religious traditions shouldn't constitute a source of opposition and tension. On the contrary, our common love of Christ pushes us relentlessly to seek the path of unity," the Pope said to cheers from an ebullient crowd that covered the infield of the racetrack.

Bonn Denies Kohl Readies A Shuffle to Drop Waigel

By John Schmid
International Herald Tribune

FRANKFURT — Speculation intensified Sunday that Chancellor Helmut Kohl would try to rejuvenate his re-election chances with a cabinet reshuffle, including a replacement of Finance Minister Theo Waigel, one of Mr. Kohl's least popular but most loyal cabinet members.

The German government denied Sunday that Mr. Kohl planned to recast his team, following similar denials in previous days.

Members of Mr. Kohl's party, government staffers and several weekend newspapers, however, reported that such a move remained an option that made sense ahead of a bellwether election on Sept. 21 in the city-state of Hamburg.

"It depends on Kohl," a Bonn government official said. "I personally do not exclude such changes in this environment. It would be a good idea ahead of the Bundestag elections, giving new life to the campaign."

If Mr. Kohl reluctantly dumps Mr. Waigel, it could enhance the Bonn government's chances in national elections in September 1998.

Mr. Waigel has been a lightning rod for voter complaints over Bonn's budget austerity, entitlement cuts and post-unification tax hikes.

A voter poll by the Emnid polling group, published Sunday in the newsmagazine Der Spiegel, showed the opposition Social Democrats widening their lead over Mr. Kohl's center-right coalition.

A leftist alliance of Social Democrats and Greens would unseat Mr. Kohl's coalition by 50 percent to 41 percent, Emnid found.

In his conservative and deeply Roman Catholic home state of Bavaria, some even scorn the private life of Mr. Waigel, who divorced his wife several years ago and remarried.

Mr. Waigel, 58, launched much of the speculation himself a week ago when he called for a "new team" in Mr. Kohl's cabinet, and then separately announced that he was weary of his own job and would not continue as finance minister after next year's elections.

Mr. Waigel could leave earlier than that, newspapers and other observers speculate.

Mr. Waigel made himself into a lame-duck minister, giving the government another setback in efforts to advance its economic program.

In an interview with Focus magazine to be published Monday, Mr. Waigel predicted Mr. Kohl would reshuffle the cabinet before the general election.

Peter Hintze, secretary-general of Mr. Kohl's Christian Democrats, rejected the notion of a cabinet shakeup, according to Sunday's Frankfurter Allgemeine Zeitung. Any discussion on the subject is "totally superfluous," Mr. Hintze said.

Ironically, the loss of Mr. Waigel, a pro-European, could prove a boon to Europe's efforts to unify behind a common currency in 1999.

Mr. Waigel bit harder into the single-currency pledge to adhere to a 3 percent 1997 deficit than anyone else in the coalition.



Tim Brakemeier/Agence France-Presse

Bonn said Mr. Kohl, left, had no plans to recast his team to drop Finance Minister Theo Waigel, right. It also denied a report that Mr. Kohl would replace Mr. Waigel with Wolfgang Schaeuble, center, a top deputy.

Turkish Islamists Appeal to the West

By Stephen Kinzer
New York Times Service

ISTANBUL — Former Prime Minister Necmettin Erbakan, who during his year in power sought to move Turkey away from its traditional identification with Europe and the West, is now appealing to Western countries to help keep his party from being banned.

Federal prosecutors have asked the Supreme Court to ban Mr. Erbakan's Welfare Party on the ground that its pro-Islamic policies are aimed at subverting the secular order in Turkey.

In an effort to defend themselves, Mr. Erbakan and other party leaders are asking Western embassies for information about whether political parties can be banned in their countries. They seek to compile a dossier proving that closing parties violates democratic standards widely accepted in the West.

In addition, Welfare Party leaders have asked Western politicians and human rights advocates to join them in asserting that such action would be undemocratic.

Several members of the European Parliament have responded by urging that the party be let alone. The New York-based group Human Rights Watch has also expressed "deep concern" over moves toward banning.

During Mr. Erbakan's term as prime minister, which ended in June, gestures he made toward Iran and Libya deeply upset the military and the rest of the Turkish secular elite, who were also dismayed by his defense of religious education and other Islamic policies. Having pressured Mr. Erbakan into resigning, secularists are now seeking to eliminate his party.

That would be nothing new for Mr. Erbakan. Two Islamic-oriented parties he headed in the 1970s and 1980s were closed by judicial order, and he was also banned from politics. Each time, he waited out the ban and re-emerged at the head of a new party with a different name but similar policies and leaders.

But Mr. Erbakan is now 71. If he and his party were banned, it is uncertain whether he could make another political comeback.

Younger leaders of the Welfare Party, apparently in fear of the banning, have begun subtle competition to head a successor party. The outcome of their efforts may determine whether relatively moderate or relatively militant politicians emerge as leaders of Turkey's millions of religious voters.

According to press reports, Welfare leaders have also begun turning over party-owned automobiles, regional office buildings and other assets to private citizens so they cannot be confiscated if the party is shut down.

The official complaint against the Welfare Party, filed last week by Vural Savas, a federal prosecutor, asserts that "in democracies, parties may be shut down when they act against the constitution."

"Democracy does not include the privilege of destroying democracy," Mr. Savas wrote. "It should suffice to recall events which happened in the not-so-distant past in countries such as Spain, Germany, Italy, Algeria and Ireland."

He added: "To give parties with unconstitutional tendencies the chance to develop and to turn their followers into anti-constitutional warriors would in effect mean sacrificing the democratic system to a set of formalistic principles. Democracy is faced with a difficult choice: whether to permit the establishment of the kind of political party that aims directly at destroying the democratic system."

As evidence that the party is anti-democratic, the complaint cites a long series of statements by various Welfare Party members, as well as actions taken by Mr. Erbakan's government. But party leaders vigorously deny the accusation.

In their written defense, Welfare leaders said their party had been "bombarded by a media disinformation campaign" in which its objectives were made to seem evil.

"Our party has committed no act and supported no policy which is in conflict with basic principles of the constitution," they wrote.

■ Kurdish Activists Drop Protest

Pro-Kurdish activists said Sunday that they had scrapped plans to travel across Europe in a "peace train" after Turkey put pressure on Western governments to halt the protest, Reuters reported from Ankara.

The train had been due to leave Brussels on Tuesday and travel through Europe to southeast Turkey in five days to urge an end to Turkey's Kurdish rebel conflict. The journey was organized by a pro-Kurdish group in Germany.

Ankara, which says the event was backed by the Kurdistan Workers Party, a rebel group, had announced it would not let the train on its soil and had asked European governments to take similar action.

BRIEFLY

Only 13% of Voters Back Swede Leader

STOCKHOLM — Only 13 percent of Swedish voters want Prime Minister Goran Persson to be re-elected next year, according to an opinion poll published Sunday.

The opposition leader, Carl Bildt, riding high at home after two years as a United Nations representative in Bosnia, is the election favorite for 38 percent of Swedish voters, according to the Gallup poll in the Expressen.

In the poll, 1,000 Swedes were asked who should be prime minister after the September 1998 election, Mr. Persson or Mr. Bildt. Twenty percent replied that neither should be prime minister, while 29 percent gave no view. *(Reuters)*

Russia to Enhance Ties With Belarus

MOSCOW — Russia will strengthen its ties with neighboring Belarus despite the recent row over the arrests of Russian journalists there, Prime Minister Viktor Chernomyrdin said Sunday.

"We shall do everything to strengthen our union," Mr. Chernomyrdin said.

Two crews from Russia's ORT television were detained in Belarus for allegedly trying to violate the Belarussian border. Yielding to Kremlin pressure, Belarussian authorities this week released from jail three Russian journalists working for ORT.

Three other ORT journalists, who are Belarussian citizens, remain in jail pending trial. Mr. Chernomyrdin, in remarks made at the Moscow International Air Show, criticized Belarus for detaining the journalists, saying such steps were "unacceptable." *(AP)*

Spy Story 'Slander,' Polish Leader Says

WARSAW — President Aleksander Kwasniewski called a report that he met with a top Russian spy in Poland before becoming president "nonsense and slander" meant to try to discredit leftist politicians ahead of parliamentary elections.

The rightist Zycie daily said it had found evidence that in August 1994, Mr. Kwasniewski, a former Communist, met with Vladimir Alganov, a former Soviet diplomat and KGB agent, during a vacation on the Baltic coast.

The newspaper did not provide any details about the conversation or allege any wrongdoing on Mr. Kwasniewski's part. Mr. Kwasniewski denied meeting Mr. Alganov. *(AP)*

For the Record

Britain's Environment Ministry, trying to cope with a pile-up of cattle carcasses culled under a program to wipe out "mad cow" disease, urged local authorities Sunday to speed up the construction of new incinerators. About 350,000 carcasses are currently stored in cold rooms awaiting incineration, the ministry said. *(AFP)*

BA Suspends 2 Pilots

Pair Said to Let Girl, 5, Touch Controls

The Associated Press

LONDON — British Airways suspended the pilot and co-pilot of a Boeing 757 after a Sunday newspaper reported that a 5-year-old girl sat on the pilot's knee pushing buttons.

The News of the World said the passengers, including one of its reporters, watched the girl through the open cockpit door. It published a photo showing a child sitting on a pilot's lap, its hand stretched out toward the controls.

The tabloid named the girl as Emily Pickersgill and said she spent 20 minutes on the flight deck, at one stage pressing a button to make the plane turn.

"I don't want to be a pilot when I grow up. It's a bit scary," the paper quoted her as saying after her experience in the cockpit.

The incident occurred on a recent flight from southern France to London's Heathrow Airport, it said. British Airways did not release the city, date or flight number.

The airline learned of the alleged incident from the newspaper on Friday and the pilot and co-pilot, who were not named, were suspended over the weekend, a British Airways spokeswoman said, speaking on condition she was not identified.

In 1995, a Russian jet crashed when the pilot's son turned off the autopilot, killing all 75 people on board.

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INTERNATIONAL

Booming Line in Canada: Telephone Scams Aimed at U.S. Suckers

By Howard Schneider
Washington Post Service

TORONTO — Hilda Hanna didn't remember entering a sweepstakes in Canada, but she was willing to trust a caller from Quebec who said she had entered, and won a $945,000 jackpot. The money would be on its way, as she recalled the conversation, as soon as she sent $19,000 to cover Canadian taxes and customs fees.

Ms. Hanna, a U.S. citizen, who asked that her state of residence not be identified, said she sent the money, much of it advanced from credit cards, in June. The prize never arrived.

When she got a follow-up call in early August requesting $15,000 more to cover more taxes and fees, she said she realized that those pleasant people on the other end of the line were part of a booming Canadian export trade — in telephone fraud.

They hit her twice this summer. Just as she was beginning to believe the worst about the money she "won" in June, another caller persuaded her to send $4,000 to cover "duties and tariffs" on a separate, $128,000 prize. Both incidents have been referred to Canadian law enforcement officials.

"They sounded really legitimate," Ms. Hanna said. "My heart sort of said, 'Don't do it anymore.' But I trust people, and they said I would have the prize money before the payment hit my credit cards. I am too trusting, I guess. I am 71 years old, and I should have known better."

Working from "boiler room" phone banks in Montreal, Toronto and Vancouver, or running "rip and tear" operations that move from hotel to hotel, Canada-based scam artists have been targeting the elderly in the United States with increasingly elaborate, aggressive and costly schemes. They now account for about one-third of the telemarketing fraud complaints received by Canadian and U.S. authorities; in the most recent statistics compiled by the U.S. Federal Trade Commission, Quebec surpassed California as the continental leader in phone fraud. Ontario and British Columbia were firmly in the top 10.

Relying on lax sentencing practices in Canada and the protection of a border that can delay extradition to the United States for years, fraudulent telemarketing groups have bilked U.S. consumers out of hundreds of millions of dollars for tickets in foreign lotteries that never pay off, prizes that never appear, and gem-investment schemes in which the profit remains just out of reach.

U.S.-based scams still account for an estimated 65 percent of the total in the two countries, with some schemes, such as one using travel to Florida as a lure, targeted at Canadians.

Cross-border prosecutions are increasing. U.S. officials in Seattle last week indicted six British Columbia residents on 113 postal, customs and other alleged violations in connection with a lottery ticket scheme that collected as much as $70 million annually from U.S. residents.

In a continuing Pennsylvania investigation, federal officials there have indicted 89 Canadian residents for a gem scam in which mostly U.S. consumers were sold low-grade jewels at high prices, then induced to buy even more with the claim that they could soon resell at top dollar.

About 50 of those charged agreed to come to the United States for trial in return for reduced sentences and are now serving jail terms from four months to five years, said Gordon Zubrod, an assistant U.S. attorney in Pennsylvania. The others are fighting extradition, and Mr. Zubrod said his office expected the case could drag on for years.

Canadian officials say that at any given time there are now dozens of telemarketing scams in operation in Canada that almost solely target U.S. consumers, avoiding local victims to lessen the risk of local prosecution.

The problem has become so severe, and the frustration of investigators in both countries so high, that it has been the subject twice of talks between President Bill Clinton and Prime Minister Jean Chretien.

"This is a modern type of fraud," said Inspector Yves Roussel, the officer in charge of the commercial crimes section in Montreal for the Royal Canadian Mounted Police. "Our present law system is not geared to face that."

New Cabinet In Iran Gets Khamenei's Instructions

Reuters

TEHRAN — President Mohammed Khatami and his new cabinet had an audience with the country's supreme leader on Sunday before their expected inaugural meeting, the first working day of the new administration.

Mr. Khatami, his ministers and vice presidents, including the Islamic republic's first female vice president, were told by Ayatollah Sayed Ali Khamenei that they should observe Islamic values.

"Khamenei expressed his satisfaction with the start of the new government's work, hoping that with fresh strength, high morale and solidarity it will fulfill its crucial duties in the best way, leaving a good mark in Iran's history," state television reported.

Ayatollah Khamenei also stressed the need to observe Islamic values, continue economic reconstruction, eradicate poverty and resist the dominance of "arrogant powers," especially in the field of "cultural invasion," it reported.

Mr. Khatami, a moderate Shiite Muslim cleric, named Masoumeh Ebtekar, 37, as a vice president on Saturday, meeting wide expectations he would allow women into high positions in his administration. She will also head the Environmental Protection Agency.

Mr. Khatami has named five other vice presidents. Parliamentary approval is not required for these appointments. The vice presidents usually attend cabinet meetings. Several ministers took over Saturday from their predecessors in ceremonies at some key ministries, Iranian newspapers reported Sunday.

Mr. Khatami has said an urgent priority of his government is to draw up the next state budget. It will be reviewed closely by the conservative-led Parliament. The Parliament, or Majlis, is due to reconvene in early September.

Mr. Khatami was sworn in on Aug. 4 after winning a landslide election victory in May. He owed his election victory to the votes of women, the young and the middle class, who saw him as able to inject new freedoms into the strict Islamic state.

Earlier Sunday, Mr. Khatami and his ministers visited the shrine of Ayatollah Ruhollah Khomeini to pay their respects to the late leader who deposed the U.S.-backed Shah. Mr. Khatami placed flowers on the tomb and prayed for the blessing of Ayatollah Khomeini's soul.

After paying his respects, he walked into a rapturous crowd and shook hands with people pressing to get his attention.

State radio quoted Mr. Khatami as saying after the visit that by "reinforcing Iran's economic, cultural and defense capabilities, we are seeking to build a free, independent and prosperous country that could be a role model in the world."



Jamshid Barzegi/Agence France-Presse

Mohammed Khatami, right, paying respects to the late Ayatollah Ruhollah Khomeini along with Masoumeh Ebtekar, the Islamic republic's first female vice president, who is in charge of environmental protection.

Moi Called to Task for Kenya Violence

The Associated Press

NAIROBI — The Kenyan government came under further pressure Sunday to disclose the results of investigations into the violence that rocked the tourist region along the Indian Ocean coast for 11 days, leaving 42 people dead.

In an editorial, the Sunday Nation newspaper said Kenyans needed to be informed about the violence.

The newspaper said Kenyans should be told what the investigations "have yielded so far, because, right now, we are talking about lives that were cut short and massive destruction of property. We are talking about crimes against humanity."

The violence erupted Aug. 13, when more than 100 raiders attacked the police station in Likoni, a Mombasa neighborhood, and then spread north and south of the port city. Scores were wounded in the violence, which caused extensive property damage.

The political opposition, civil rights activists and even some members of President Daniel arap Moi's party said the attacks targeted people from inland tribes who traditionally opposed Mr. Moi and the party.

The ruling party has disavowed any connection to the violence. On his first visit to the coast since the violence broke out, Mr. Moi denied any involvement.

Mr. Moi is under pressure from opposition groups at home and donors abroad to organize free and fair elections later this year, enact legal and constitutional reforms and tackle high-level corruption and mismanagement. Mr. Moi, 73, has ruled Kenya for 19 years and is seeking a fifth five-year term.

Hotel and tour operators say that although tourists were not targeted in the attacks, a slump in bookings is expected.

Tourism is Kenya's second single-largest earner of foreign currency and the country is short of funds after the International Monetary Fund suspended a $220 million loan program because of official corruption and mismanagement. The World Bank also cut $71.6 million in structural-adjustment credit.

Raphael Ndingi Mwana a'Nzeki, a Roman Catholic Archbishop, said Saturday that he was amazed the authorities still claimed not to know the identity of the raiders or the motive.

"I don't believe it," he told worshippers, the Nation reported.



Corinne Dufka/Reuters

President Moi visiting a camp for victims of recent clashes in Mombasa.

MIDEAST: *Extremes Squeeze Yasser Arafat as Hamas's Power and Popularity Grow*

Continued from Page 1

dismissed criticism of his unity talks with militants. "We know how to deal with our unity among all the groups and parties. And it is interior politics," he said.

As often happens when he finds himself in a jam, Mr. Arafat resorted to ambiguity to mask his intentions. On the first day of the Palestinian unity conclave in Gaza, he waved the sword and the olive branch with equal gusto.

"There was an uprising for seven years," he said. "Who did it? Our lion cubs, our children. This glorious uprising. Seven years. We can do it again from the beginning. There is nothing far from us. All options are open to us."

But he also offered a vigorous defense of the peace process. "We must not forget that most of the Israeli people voted for peace," Mr. Arafat said. "I say to the supporters of peace in Israel: We are with you to make this peace of the brave, a just and comprehensive peace, not the peace of the weak or the cowards."

Just before the bombers struck, Mr. Arafat was confronting a barrage of criticism about alleged corruption in his ruling entourage. Also, many Palestinians, having seen their incomes plunge 40 percent since the Oslo accords were signed, were voicing bitter complaints about the absence of a peace dividend.

Mr. Netanyahu's decision after the bombing to block access to jobs for 100,000 Palestinian workers and to suspend the transfer of at least $40 million in tax revenues to Mr. Arafat's Palestinian Authority has only amplified frustrations of many Palestinians and further damaged their faith in the peace process.

In this political climate, Mr. Arafat's top aides said he had no choice but to reject Israeli and American demands that he round up more than 200 suspected Islamic activists and dismantle the terrorist infrastructure. They argued that if he caved in to such conditions, his political legitimacy would be eroded and the popularity of Hamas and other implacable foes of the peace process would continue to surge.

"Every time the peace process stumbles, it translates into gains for Hamas," said Ziad Abu Amr, a leading member of the Palestinian Legislative Council. "Arafat is not ready for power-sharing and wants to rally his people behind him, but he feels genuinely threatened by Netanyahu and his schemes. He needs a lot of support, and not more pressure."

Israeli cabinet hard-liners scoff at claims that Mr. Arafat's behavior helps peace prospects by blunting Hamas's influence. "Arafat is two-faced," said Danny Naveh, the cabinet secretary. "On the one hand, he says he is against terrorism and afterward he runs to hug the killers of women and children. If Arafat is truly a peace partner the way he claims, he must fight these organizations and not embrace them."

But some cabinet members and much of the opposition Labor Party argue that Israel needs to ponder what may lie in store if it persists in mortifying Mr. Arafat.

Israeli and Palestinian analysts estimate the Islamic resistance movement is backed by 40 to 50 percent of Gaza and West Bank residents.

With Hamas's support growing steadily, analysts suggest that Israel must consider the long-term consequences of rubbing Mr. Arafat's nose in the dirt.

Yitzhak Mordechai, Israel's defense minister, said "Given the difficulties facing him, Arafat is trying within the Palestinian camp to find as wide a common denominator as possible.

But in the end, he also knows that Hamas is the main threat to the Palestinian Authority."

Uri Savir, a key architect of the Oslo accords, also warned that U.S. and Israeli pressure on Mr. Arafat could backfire. "What is the alternative? Do we want to deal with Hamas?" he asked. "Whatever you may think of Arafat, if we lose him as a partner, we may lose the peace process."

For his part, Mr. Netanyahu is standing firm. "We say to the Palestinians that they must make a very simple choice. It is either to embrace Hamas or to embrace peace.

But you can't do both," Mr. Netanyahu said Thursday. However, it was his own government that released Abdel Aziz Rantissi, the Hamas political leader whom Mr. Arafat publicly kissed, from an Israeli jail earlier this year.

RIVALRIES: *South Americans Focus on Defense and Security*

Continued from Page 1

and Argentina to move toward non-NATO ally status," said Rosendo Fraga, a military analyst in Buenos Aires. "Such a designation generally exists in regions where the U.S. has enemies. But it has no enemies here and the rest of South America is angry that Argentina is being singled out."

But the most dramatic example of mounting tensions erupted last week. President Carlos Menem of Argentina voiced opposition to Brazil's bid to become the region's first nation to hold a permanent seat on the UN Security Council, should permanent membership be expanded beyond five nations.

Mr. Menem argued that the seat should be rotated among Latin American nations.

Even as Mr. Menem and Brazilians sought to cool the controversy before their arrival in Asuncion for the summit, Mr. Menem's statements about Brazil's membership on the Security Council provoked a bitter war of words between the two neighbors that made front-page headlines throughout South America.

A former Brazilian president, Jose Sarney, accused the United States of being behind Argentina's opposition, accusing the Washington of plans to destabilize the region.

At the same time that tensions are mounting, South American nations are seeking to modernize their militaries. Experts say there is no indication of real aggression or a new Latin American arms race. The one possible exception, experts say, is the continuing tension between Peru and Ecuador, which went to war briefly in 1995 over a border dispute. Ecuador shot down more planes than its larger neighbor during the conflict, and now Peru is working toward modernizing its aircraft.

At a ceremony last month in Lima to mark the 176th anniversary of Peru's independence, President Alberto Fujimori unveiled three Russian-made MiG-29s, some of the most modern fighter aircraft in Latin America.

BOSNIA: *NATO Readies for Final Push*

Continued from Page 1

resume, perhaps triggered by a push by a resurgent Muslim-led army, bolstered by U.S. aid and an infusion of weapons from Islamic nations, seeking to seize the Bosnian Serb enclave by force. What NATO is attempting now in the Serbian enclave, they say, is Bosnia's last chance for peace.

The magnitude of the risk under way is etched on the faces of the Bosnian Serb police and officials who have given allegiance to Mrs. Plavsic.

"We do not rule out an attempt to murder the president," said the security official who spoke on condition of anonymity.

When the Bosnian Serb Constitutional Court seemed likely to uphold Mrs. Plavsic's decision to dissolve the Parliament, the security official said: "Karadzic sent around goons to beat up the judges and warn them that a vote contrary to his wishes would get them killed. This is how he works."

The Bosnian Serb Army, demoralized and poorly equipped, has so far stayed out of the dispute. Mrs. Plavsic has met with several sympathetic army commanders. The news media in Pale, never a reliable source of information, have quoted a communiqué they say was issued by the high command threatening military intervention if Mrs. Plavsic did not back down.

The possibility of fighting between the two Bosnian Serb factions has prompted the Office of the High Representative — the civilian administrator of the Dayton accords — and the NATO-led Stabilization Force to send letters to Mrs. Plavsic, Prime Minister Gojko Klickovic and Momcilo Krajisnik, a member of the Bosnian presidency and supporter of Mr. Karadzic, expressing alarm at the situation in the Serbian territory and calling on all sides to find a peaceful resolution to the dispute.

Mr. Karadzic, twice charged with genocide by the UN war crimes tribunal in The Hague, was forced to step aside as Bosnian Serb president last year, and was replaced by Mrs. Plavsic, his deputy.

But Mr. Karadzic maintained his de facto control over the Serbian enclave, preserving his lucrative monopolies on the sale of cigarettes, gasoline and commodities like construction materials.

Most Bosnian Serbs, however, live in poverty. Teachers, currently on strike, have not been paid for months, along with doctors and most government workers. More than 10 percent of the some 800,000 people in the enclave depend on soup kitchens set up by the Red Cross.

Mrs. Plavsic, a staunch nationalist who once supported Mr. Karadzic's "ethnic cleansing" campaign to slaughter and displace Muslims and Croats in Bosnia, has accused her old mentor of pilfering state revenues and running the enclave as a feudal estate.

In recent weeks she has declared the Bosnian Serb legislative assembly dissolved, called for new elections in October and, with the backing of British troops, replaced Mr. Karadzic loyalists in the police in Banja Luka.

Saturday, in a further sign of Mr. Karadzic's eroding support, television reporters in Banja Luka said they would no longer work under the direction of the Karadzic loyalists who run the enclave's media in Pale.

The assembly, dominated by Mr. Karadzic's supporters, and the cabinet have denounced Mrs. Plavsic and dismissed her demands. The assembly is due to hold a session in Pale on Tuesday, when it is expected that it will try to remove Mrs. Plavsic from office, Bosnian Serb officials said.

Despite Mrs. Plavsic's unsavory past, Western officials see in her an instrument to break Mr. Karadzic's grip on the self-styled Serb Republic in Bosnia. They have promised reconstruction assistance, at least $9 million of which will arrive soon, to Banja Luka and areas around it if she will begin to abide by the terms of the peace agreement, including allowing the return of Muslims and Croats driven from their homes by the Bosnian Serbs during the war.

The saddle-like shape of the enclave will play an important role in the plan to slice it into two warring camps. The western section, including the area around Banja Luka, is connected to the eastern section, where Mr. Karadzic's stronghold of Pale is located, by a thin corridor running through Brcko.

If this gamble works the western section will be run and administered by Mrs. Plavsic. Mr. Karadzic and Momcilo Krajisnik, the Serb member of Bosnia's national three-man presidency, will be isolated in the eastern part.

NATO has already demanded the formation of some 3,000 heavily armed special police that protect Mr. Karadzic be dissolved by the end of the month. And Washington has called that the Interior Minister Dragan Kijac, a Karadzic supporter who oversees the police and much of the vast black market operations, be removed. It was Mrs. Plavsic's call for his resignation that prompted the current crisis.

"If people see that there are tangible benefits to cooperating with the international community, including an infusion of aid currently denied to the Bosnian Serbs, we think it will be a powerful inducement to those who do not follow Mrs. Plavsic to abandon Pale," a Western diplomat said.

FRANCE: *Behind a Screen of Political Idealism and Anti-American Slogans, Globalization Is Happening*

Continued from Page 1

ernization must be masked because they have little to do with the country's self-image.

That image is attached to notions of equality, a strongly centralized Jacobin state and change, if at all, through revolution alone. Evolution is a kind of anathema in the land of 1789 and 1968.

As Pierre Birnbaum, a sociologist, said, "We have not found the way to modernize while preserving our imagined community."

So modernization takes place on the quiet. Thus, in the past decade alone, France has turned a currency that was a laughing stock into one virtually as strong as the German mark. It has freed capital movements, an idea once unthinkable in the home-par-excellence of the secret Swiss bank account.

It has sold off great swaths of state industry, including the automaker Renault, the oil company Elf Aquitaine, the chemicals giant Rhone-Poulenc and the manufacturer of Gauloise cigarettes, Seita.

It has littered the countryside with Americana: more than 600 McDonald's restaurants, Toys-"R"-Us in countless malls, Häagen-Dazs on fashionable Paris streets. It has adopted American habits, cutting way back on the leisurely lunch and banning smoking in the Metro. It has allowed Saint-Germain-des-Pres, sanctuary of the Left Bank intellectual, to turn into a glitzy — and depressing — home to international fashion.

Its national airline, Groupe Air France, no longer flies to even major cities where it cannot make a profit. The profit motive, pure and simple, has also driven numerous private companies — including Michelin, L'Oreal, Carrefour and the luxury-goods conglomerate LVMH — to adapt and remain highly competitive throughout the world. These have contributed to the country's huge trade surpluses, and to the fact that France is the world's fourth-largest exporter.

Drive out of Paris in the direction of Rambouillet, and you will soon find the town of Coignieres. A decade ago there were wheat fields there; today it is a hymn to the American way of life. A busy highway cuts through a landscape dominated by McDonald's and other hamburger restaurants, Pier 1 Imports, warehouse-stores selling bathroom fittings, and advertisements full of words like "light" and "cool." Coignieres is globalization incarnate.

"I suppose all this is inevitable," said Jacques Eperon, who runs a small choucroute tavern opposite the McDonald's. "I don't like it much, but in the end you have to accept it."

So change is accepted and not much liked. And more than ever, politics becomes the art of concealing change behind anti-American slogans and the like.

Lionel Jospin, the new Socialist prime minister, seems to be aware of this. The government talks a lot about the 32-hour week and jobs in the state sector and U.S. economic arrogance while it gets on with preparing new privatizations and the austerity measures needed to qualify for the planned adoption of a single European currency, the euro, at the end of next year.

Jospin knows that the French still want to dream of "*du pain et des roses*" — "bread and roses," or a salary and poetry. In this he has proved more adept than President Jacques Chirac, who sometimes seems insufficiently shrewd for the divided French heart.

A lot is heard today about French roses. The country wants to offer some poetry and compassion to a globalized world where it often seems the rich get richer and the poor poorer. That can be an irritant to America. But it should not be forgotten that France also has an eye on its bread.

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Vintage Arafat

More than once in his long career, the Palestinian leader Yasser Arafat has shown a knack for making exactly the wrong symbolic gesture at exactly the wrong time. This past week he did it again, publicly embracing the leaders of militant Islamic organizations that endorse suicide bombing, less than a month after a deadly explosion in Jerusalem wrecked a promising American effort to revive the Israeli-Palestinian peace talks.

Mr. Arafat is obviously angered and humiliated by the stubborn negotiating tactics of Israel's Benjamin Netanyahu. He is also nervous that frustrated Palestinians in the West Bank and the Gaza Strip will desert his political banner to follow Islamic militants.

But this man, who spent most of the 1970s and '80s preaching terror, and most of the '90s trying to convince a skeptical world that he had renounced violence, still fails to grasp how much damage he does to himself and the Palestinian cause by inflammatory displays like this one.

Mr. Arafat must learn that he cannot show the slightest equivocation on the issue of terrorism and still retain any hope of progress toward a peace settlement. He must also understand that Washington cannot press the Netanyahu government toward greater flexibility at the bargaining table while he sows doubts about his own commitment to nonviolence.

Even before this past week's meeting with Islamic militants, Mr. Arafat had brushed off the calls of President Bill Clinton's emissary, Dennis Ross, for renewing the security cooperation with Israel that is required under the Oslo peace agreements. Mr. Arafat mistakenly believes that he can get a better deal by waiting for a future visit from Madeleine Albright, the U.S. secretary of state. But full Palestinian cooperation on security is a precondition to any American push for progress in other bargaining areas.

Mr. Arafat undoubtedly thought he was showing his own toughness in the face of Mr. Netanyahu's halting of fund transfers to the Palestinian Authority and Israel's public demands for the arrest of certain Islamic militants. The Palestinian leader took care to meet only with the political leaders of Hamas and Islamic Holy War, not the chiefs of their terror operations. He reiterated his continued belief in the Oslo peace agreements, and took note of the fact that most of the Israeli public favors a negotiated peace settlement.

Nevertheless, the uproar he has caused in Israel and the United States by this meeting cannot be dismissed as a matter of misinterpretation. There is no clear line between the political and terrorist sides of Hamas and Islamic Holy War. Abdel Aziz Rantisi, the man Mr. Arafat was shown embracing on Page 1 of Thursday's New York Times, was recently released from an Israeli jail, and Israel has requested that he be detained again. Mr. Arafat's gesture signaled not only that he means to resist Israeli and American calls for a new crackdown, but also that, at least for now, he is personally shielding militant Islamic leaders from any Israeli pressure.

Mr. Arafat also undermined his profession of faith in the Oslo agreements by recalling the seven-year-long intifada rebellion and stating: "We can erase and do it again ... All options are open to us." Those who disagreed with the Palestinian demand for Jerusalem as the capital of a Palestinian state, he added, "can go drink the seawater," an uncomfortable reminder of Mr. Arafat's old exhortations to drive Israel into the sea. It was, sadly, a vintage Arafat performance, demonstrating why Israelis of every political persuasion find him such an uncomfortable, even if ultimately unavoidable, negotiating partner.

—THE NEW YORK TIMES.

Tobacco Rhetoric

If you asked a stranger on the street whether he thought cigarettes might possibly have ever made anybody sick in the past 30 years, or whether any American in that time might conceivably have died of a smoking-related disease, you would not be too astounded to hear the person respond, "Might have." Actually, you would probably be a lot less surprised if the person gave you a what-kind-of-idiot-is-this look and answered, "Of course — hundreds of thousands." Turn that person into the chairman and chief executive officer of a major American tobacco manufacturer, though, and it hardly needs remarking that expectations are different.

It was relatively big news on Thursday when a lawyer in a Florida deposition asked Geoffrey Bible, chairman and CEO of Philip Morris Inc.: "Would Philip Morris agree that a single American citizen who smokes their products for 30 or more years, a single one, has ever died of a disease caused in part by smoking cigarettes?" and Mr. Bible answered, "I think there's a fair chance that one would have, might have."

Things widely assumed but unnoticed often get spelled out when cases come to court. As the big anti-smoking cases brought by state attorneys general start their slow progress through the legal system, many such moments of clarity are to be expected, including a fair number that the companies may have fervently hoped to avoid by entering the currently lagging negotiations for a questionable tobacco settlement.

Mr. Bible's deposition offers just such a bonus: a momentary demonstration of how high a level of mendacity the society has learned casually to tolerate from the mouths of the big tobacco companies' leaders and spokesmen. You scarcely notice such a thing until it is withdrawn — even if the withdrawal is only momentary.

Ron Motley, the lawyer in question, went on television afterward to praise Philip Morris for unaccustomed "candor." Mr. Bible having acknowledged (under further questioning) that smoking "might have" contributed to the deaths of as many as 100,000 people. But it would be a mistake to assume that this admission was wrung from him by canny lawyering or blurted out in a sudden access of conscience. On the contrary, in the wake of regulation, litigation and a host of other pressures, and a year after the defection of Liggett Co. from the industry's long-standing nothing-has-been-proved position for the purpose of settling its health claims, conditions for the industry's giants have changed enough to warrant a shift in strategy.

On Friday, in another deposition in the case, RJR Nabisco Chairman Steven Goldstone said, "I have always believed, rightly or wrongly ... that smoking plays a part in causing lung cancer." We would guess that some in the tobacco business must have decided that after all these years it is less trouble — on this one point — to tell the truth than not. Whatever the outcome of trials and settlements, conditions that can produce this kind of thought process in tobacco executives are an improvement.

—THE WASHINGTON POST.

Other Comment

Losing the War on Malaria

By the 1960s, malaria had been eradicated or dramatically reduced in 37 countries. In India, for instance, the number of deaths had dropped from some 800,000 a year to virtually none. But India has had four major epidemics since 1994; last year alone 2.85 million Indians got the disease and thousands died. Malaria is returning to other countries that thought they had seen the back of it: Azerbaijan, Brazil, Turkey.

It is spreading from the countryside to the cities and, borne by migrant workers and other travelers, is increasingly cropping up in the rich world. Cases now occur in the United States as far north as New York, New Jersey and Michigan. Climate change may help to bring it back to Western Europe.

It is in Africa, though, that malaria is commonest and deadliest. Most of the 2.5 million or so people killed each year by malaria are Africans, and most of them are children.

The best chance of once more sending the disease into retreat would be the discovery of a vaccine, but hopes for that fall as often as they rise. No wonder: Research into malaria receives only some $60 million a year, compared with $140 million for asthma, $300 million for Alzheimer's disease, $950 million for AIDS.

— The Economist (London).

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Swiss Are Coming to Terms With a Mixed Past

By Alfred Defago

The writer is Switzerland's ambassador to the United States.

WASHINGTON — I was not yet born when Adolf Hitler unleashed World War II. Thus I did not experience the war and the unspeakable horror launched by his ghastly regime. Like many Swiss of my generation, I grew up believing that neutral Switzerland — completely surrounded by the Nazis and their satellites — had heroically survived the war in extremely difficult circumstances. This image, of course, has begun to falter.

In Switzerland, a probing discussion began almost 20 years ago over whether our small, neutral state had behaved in an exemplary manner before, during and after the war. During the last year this quiet discussion has been transformed into a heated international debate. Fierce and pointed criticism has been directed at Switzerland's wartime record.

As the representative of the Swiss government and its people in the United States, I believe it is important not to shrink from the growing controversy over Switzerland's role during World War II. The time has come for an open, searching debate. But it is also critical that this discussion be fair, reasoned and based on all the facts.

I would like to be clear about one point: Switzerland, like many other nations, made mistakes during the wartime period. Switzerland — as did others, including the United States — turned back thousands of Jews at its border on the grounds that "the boat was full." Moreover, a senior Swiss official encouraged Germany to use the infamous "J" stamp on the German passports of Jewish citizens. We have to acknowledge these sad facts. Kaspar Villiger, president of the Swiss Confederation in 1995, publicly apologized for Switzerland's serious negligence in refugee policy during the war.

In addition, the Swiss National Bank's gold policy during those years was anything but a study in glory.

The senior managers of the bank clearly did not know that the gold they purchased from the German Reichsbank contained smelted "victims' gold," but in the last years of the war they surely must have known that the Germans increasingly delivered gold that came from the looted stocks of central banks in occupied countries.

□

The Swiss of today cannot be proud of those failings. But dwelling on these events alone presents a one-sided picture of the Swiss record. History also records many positive actions by my country during that period that have been played down or ignored altogether in the debate.

The Switzerland of those years — despite the compromises with Nazi Germany and its satellites — was a country that defended its free and democratic system in the most difficult circumstances. In the midst of the National Socialist and fascist barbarity, here was a small country in the heart of Europe that protected free speech and insisted on the right to hold free and open elections.

And in those elections, the Nazis and their few Swiss sympathizers never stood a ghost of a chance. Switzerland was an anti-Nazi, open democracy, the only one in Central Europe.

Swiss radio programs of those years had a wide listening audience in Nazi Germany and occupied Europe. To the great annoyance of those in power in Berlin, that gave hope to millions of oppressed people who believed in the ultimate triumph of democracy.

Although Switzerland refused entry to approximately 30,000 Jews (and thus probably subjected many to brutal persecution), it admitted more than 230,000 refugees from Nazism during the war, including 27,000 Jews. Those Jewish refugees, together with the 20,000 indigenous Swiss Jews, escaped the Holocaust. This was the only Central European Jewish community to survive the war.

In other words, Switzerland granted safe haven to more persecuted Jews per capita than most other countries.

□

It has now become fashionable to argue that Switzerland's wartime neutrality was opportunistic and even morally reprehensible. But the Swiss policy of neutrality did not emerge in the face of the Nazi threat. It was centuries old, and it should be emphasized that Swiss neutrality during the war was never mistaken as moral neutrality. Instead, it was a small, threatened country's means of surviving as a free and independent political entity.

Even after World War II, in the view of its recent critics, Switzerland is said to have behaved in an arrogant and unfeeling manner. These critics sarcastically ask why Switzerland was somehow absent when it came time to rebuild Europe.

But Switzerland did help. While the war was still raging, the Swiss Parliament approved a large-scale assistance program to help the war's victims. From 1945 to 1948, more than 200 million Swiss francs was spent to rebuild Europe and provide humanitarian aid. That amount would be roughly equivalent to a billion Swiss francs today (about $700 million).

While most of the money came from government revenues, more than one-quarter was raised through donations from the Swiss people.

What makes this effort all the more impressive is that it amounted to 1.6 percent of the entire Swiss gross national product. To put that in perspective, the Marshall Plan assistance from the United States amounted to 1.2 percent of U.S. GNP.

□

In the final analysis, it is not primarily a question of what Switzerland and other countries did or did not do in the 1940s that matters, but how those nations come to terms with their past.

The view of Switzerland in the U.S. media is that of a country that is stonewalling and deferring any concrete steps to resolve the problems of the past. The truth is more complicated.

It took a while for Switzerland to realize the magnitude of the problem, which had been concealed by the stakes of the Cold War. Once it became clear that the darker side of our past had to be revisited, unprecedented steps were initiated and acted upon as fast as Swiss institutions and customs permitted.

The U.S. official most heavily engaged in this issue, U.S. Undersecretary of State Stuart Eizenstat, has stated that "among the neutral countries, Switzerland has taken the lead" in coming to grips with its past. I agree with that assessment, because of the wide range of measures my country has taken during the last year.

In December, the Swiss Parliament unanimously approved the creation of an independent commission to shed full light on Switzerland's role during World War II. The commission, chaired by Professor Jean-François Bergier, includes eminent Swiss and international historians. Dozens of researchers are at work on this project and more are being hired.

At the order of the Swiss government, the commission has been granted and guaranteed unlimited access to all sources in Switzerland, including the banks. By the end of this year, the commission is scheduled to issue its first interim report on gold transactions with Nazi Germany. A second report on Swiss refugee policy during the war years will follow early next year.

The Swiss government is sparing no effort to ensure that any assets in Swiss banks belonging to victims of the Holocaust are returned to survivors, their heirs or organizations representing the survivors of the Nazi atrocities. To that end, the Independent Committee of Eminent Persons was established in May 1995 by the Swiss Bankers Association and several Jewish organizations, under the leadership of retired U.S. Federal Reserve Chairman Paul A. Volcker.

Recently, in a highly publicized and unprecedented action, the Swiss bankers, in cooperation with the Volcker committee and Swiss authorities, published a list of almost 2,000 dormant accounts in Swiss banks.

We believe that it is imperative to relieve the suffering of Holocaust survivors around the world. To that end, the Swiss government has established a $100 million humanitarian fund, drawing on contributions from the Swiss banks and private industry. The fund will be bolstered by another $70 million from the Swiss National Bank later this year, if Parliament approves.

In a project that we believe not only redresses the consequences of the past but also helps to ease and — if possible — prevent future suffering, my government has proposed the daring idea of a "Swiss Foundation for Solidarity." The foundation's aim would be to support deserving causes not only in Switzerland but throughout the world.

With that in mind, and consistent with Switzerland's strong humanitarian tradition, the foundation would dedicate its annual income — the equivalent of several hundred million dollars — to assist victims of poverty, injustice, genocide and human rights violations. These plagues tragically belong to our era as much as to the past. This innovative and far-reaching proposal will go before the Swiss people in a referendum at a later date.

□

It should be clear, then, that the people of Switzerland are committed to the profoundly important task of coming to terms with their past, even though there may be some debate on how best to draw conclusions and make amends.

We know that this is a difficult and occasionally also painful undertaking, but we believe in this endeavor. We also know that others are interested in our progress, particularly the Jewish community in many countries. We understand that interest and concern.

We Swiss are a proud people and react better to constructive dialogue than to unreasonable pressure tactics. In a spirit of genuine openness, Switzerland is prepared to tackle the problem in confronting the shadows of World War II in partnership with the Jewish community, the U.S. government and the governments of other countries. While it may sometimes appear that Switzerland moves slowly, that is because the Swiss are a deliberate and prudent people.

Once we have made up our minds to do something, you can rely on us. In the task now before us, I have not the slightest doubt that Switzerland will respond in a thorough and serious manner.

The Washington Post

Defense of Human Rights Needs to Be Fair and Informed

By Khaled Abou Fadl

AUSTIN, Texas — The U.S. State Department recently issued a report on persecution of Christians, focusing on China and several Muslim countries. The release of that document has initiated a debate on the issues of religious persecution, human rights and U.S. policy.

As a member of the Lawyers' Committee for Human Rights, I have evaluated cases of human rights violations, primarily in Muslim countries. One of the most recent examples involved a religious man from a Muslim country. He was visited by security forces at dawn, taken from his place of residence, beaten with cables, hung in contorted positions and stung with electrical prods.

During the torture, he was taunted about his beliefs. Officers carrying out the torture yelled, "Where is your God now? If your God was here, we would torture him as well." Ultimately, his sister was brought from his home and threatened with rape in front of him.

Now I pose the following question. How would you feel if I informed you that the man was a Christian in a Muslim country? And how do your feelings change when I tell you that, in fact, the victim in this case was a Muslim, who was being tortured in a Muslim country?

A part of a church was demolished in Egypt because of unfair regulations, and that is an outrageous occurrence. But how do we consider this outrageousness in light of the fact that a mosque was closed for several years in Egypt because the government was unhappy with the types of teachings promoted in the mosque?

When we discuss religious persecution, we are dealing with a field in which people have particular sensitivities and particular sympathies for their own groups or religions. It is a highly politicized field in which emotions run high.

The human rights field is plagued with double standards and political convenience.

In terms of religious persecution, particularly in the context of Muslim countries, we must remind ourselves that it takes place in the context of rampant human rights violations. Additionally, religious persecution is socially complex and often masks complex phenomena within society such as communalism, tribalism and economic exploitation.

Family feuds can express themselves in religious terms. Or a government could be pitting one opposition group against another, or trying to divert the attention of its opposition toward religious conflict.

In the Islamic context, there is a long-established history of foreign powers claiming that they are protecting a particular religious minority in perpetuating offensive or aggressive policies against Muslim countries. For example, the invading armies of the Crusades would claim that they were intervening to protect Christians in Muslim countries.

The claim of "protecting Christian minorities" also was used to justify colonialism. We must keep in mind that proselytizing Christianity and missionary work went hand in hand with colonialism and its intellectual legacy.

It is indefensible that American policy should respond to discrimination against Christians in particular. Religious discrimination is at the core of human rights, and human rights are indivisible.

In promoting human dignity, we must maintain fairness and balance. We cannot argue for one human right by violating or ignoring another. And we cannot emphasize the rights of one group and effectively de-emphasize the rights of others. Playing favorites is a human rights violation in itself.

In addressing the problem of religious persecution from the standpoint of U.S. policy, there must be, first and foremost, impartiality. Second, we must encourage and help independent nongovernmental organizations that promote human rights from within the domestic context. We also must avoid reliance on anecdotal evidence as a basis for policy.

We should not rely on the ideological ravings of some writers in influencing policy. Such writers often use the label "politically Islamic" or "militant Islamic" to justify discriminatory and hostile policies.

There is a saying in the Muslim world that Muslim blood is the cheapest. However, every religious group would probably say that its blood is the cheapest. It is our duty to say that human dignity counts for everyone and all equally.

The writer, professor of Islamic law and human rights at the University of Texas at Austin, contributed this comment to the Los Angeles Times.

Is People Power Only a Memory?

By Rekha Basu

DES MOINES, Iowa — Fifty years ago this month, people in the Indian subcontinent could be found clustered around their radios, choking back tears of emotion while the British flag was lowered over New Delhi and the Indian flag was hoisted in its place.

It was the moment idealistic young women like my mother, Rasil Basu, sitting in her living room with family and friends in New Delhi, had dreamed about their whole lives.

Listening to Jawaharlal Nehru deliver his emotional speech about the soul of a nation, long suppressed, and about a tryst with destiny, everything seemed possible, and all obstacles could be surmounted.

"At the stroke of the midnight hour, when the world sleeps, India will awake to life and freedom," the nation's first prime minister intoned, in a line that still can send shivers down Indians' spines. Outside the Parliament building on that Aug. 15, throngs hugged, cheered and danced in a jubilant outpouring.

I suspect that most Indians of my generation have grown up with some version of this story. It happened recently enough that every family was directly affected.

For everyone from the young intellectuals to the masses of ordinary people who turned out to obey Mahatma Gandhi's call to nonviolent resistance, it meant that raw people power could change laws and governments, bring down injustice and win the right of self-determination.

"We would move forward and there would be no stopping us," my mother recalls.

This 50th year of Indian independence has seen an abundance of observances around the world, from university forums to cultural exhibits. Significantly, though, the birthday celebrations within India have been more subdued.

Partly it is because the headiness of independence was immediately tempered by the mass bloodshed that followed the partition of India and Pakistan along Hindu-Muslim lines.

Partly, too, the following decades have given way to a more sobering assessment of the monumental problems still facing India, ranging from corruption to crippling poverty to social disease such as caste-based discrimination and bride burnings.

An ugly kind of nationalism — a far cry from the unifying kind that rose to challenge British rule — has reared its head in modern-day campaigns against religious minorities, by chauvinist majority groups. At times the government has expended more energy appeasing the perpetrators than protecting minority rights. And there is unease over a chosen path of economic development that welcomes multinationals like McDonald's.

Still, the world's largest democracy, with one of the world's most diverse populations, carries on, kept in check by a free-elections system, a feisty press and independent courts.

It is probably true everywhere that it is easier to overturn a bad system than build a new one. Communities do better at coming together with national pride when fighting outsiders than when the enemy is poverty or discrimination within.

I have seen the mass public euphoria displayed in India in 1947 show up elsewhere in our lifetimes, such as after the end of white minority rule in South Africa. And what always strikes me is how those of us who never lived through a monumental movement for change — like the right to vote, or to have integrated lunch counters — learn to take those rights for granted.

In America, at the close of the century, the idea of going to jail or laying down your life for a just cause that has mass support seems as remote as it once seemed inevitable. In the wake of the Oklahoma City bombing, the biggest enemy seems to be a pervasive cynicism about government and its potential to solve problems.

Looking back on the idealism that surrounded India's independence, you have to wonder what goals might motivate our children — growing up in a self-contained haze of video games and consumer fads — to take to the streets in protest.

What foundations are we setting down for them? What principles will they be willing to fight for, and how hard?

The writer is a columnist for the Des Moines Register. This comment was distributed by New York Times Special Features.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: A Violent End

PARIS — Charles Jacquerey, a workman, surprised his wife with her lover, named Edouard Lauwers, and stabbed him in the heart. Jacquerey, after receiving his weekly wage of 30 fr., left his wife and family without a penny. Mme. Jacquerey immediately left the house and took refuge with her former lover, she returned home however on Sunday night. When Jacquerey made his appearance he found that Lauwers had preceded him. A desperate struggle took place between the two men, in the course of which Lauwers was stabbed to the heart.

1922: Anti-American

MONTREAL — Violent attacks on American anti-strike legislation and Governmental intervention in industrial disputes were made today at the Dominion Trades and Labor Congress, now being held here. Also, a report presented by the executive committee charged the Moscow International with setting up two propaganda agencies in Canada. But it is obvious that Mr. Tom Moore, the president, and the other moderates have the convention well under their control and that the minority of the extremists have little voice.

1947: Mine Disaster

ENGLAND — An explosion ripped through a section of the Morrison Mine at Anfield Plain, County Durham, killing nineteen men in Britain's second colliery blast in eight days. Five men, badly burned and mutilated, survived. A nightshift of fifty was in the mine when the blast occurred shortly after midnight. The twenty-four working in the explosion area were members of the maintenance crew. Recovery of the bodies was completed shortly after midday.

LANGUAGE

Shocked, Shocked! A Firestorm of Clichés

By Jack Rosenthal
New York Times Service

NEW YORK — You may remember the scene in "Casablanca" when Claude Rains as Captain Renault blows his police whistle and announces that Rick's Cafe must be closed. "On what grounds?" asks Humphrey Bogart as Rick, to which the captain replies: "I'm *shocked, shocked* to discover that gambling is going on here!" If you don't remember it, not to worry. Legions of writers are eager to recall it for you. The film came out in 1942; in the '90s, the scene is cited so often that it has turned into a mock shock wave — and a case study in clichés.

In February 1990, at a congressional hearing, Les Aspin, then chairman of the House Armed Services Committee, took on Dick Cheney, then secretary of defense: "Cheney is *shocked — shocked!* — to discover that there is politics going on in this House." Within weeks, the same *shocked, shocked* analogy was applied to James Baker, Clark Clifford and Richard Darman. Since then, its use has been accelerating; a Nexis search produces 989 citations since the beginning of 1990.

In recent weeks, it has appeared in The New York Times, the Los Angeles Times and The Seattle Times, in The Orange County Register, The Columbus Dispatch, and in a front-page story in The Washington Post. Here's how the lead letter to The New Yorker began on June 16: "Jane Mayer is *shocked — shocked* — to find that Henry Regnery is a publisher with a political agenda."

A flock of other maturing clichés now flutters through public prose, usages that often are as overheated as they are overused. Consider *firestorm*. Once, it meant the intense conflagration created by a nuclear explosion. When the term was applied figuratively in 1973 to the Saturday Night Massacre that magnified Watergate, no one could quarrel. Since then, it has been progressively cheapened according to a kind of Gresham's Law of Language. When Anthony Lake was nominated to be Director of Central Intelligence in March, Senator Richard Shelby, the Alabama Republican, warned that unless the nomination were withdrawn, the Republicans would turn his confirmation hearings into a — guess what? The episode was a trauma for Lake, an embarrassment for the president and a frustration for a leaderless CIA. But a *firestorm*?

A redeeming quality of clichés is that their meaning is clear — even when they are mangled.

Another nuclear usage, *ground zero*, is now as often misused as overused. It is frequently offered as a supposedly emphatic way of describing the starting point: square one. The term truly describes an ending point: the place under a nuclear bomb explosion.

Some other clichés that have spread like graffiti:

Hel-LO!, meaning wake up to the inconsistency.

Wake-up call, meaning a warning.

Poster child, or *poster boy*, meaning exemplar or model, as in a *poster child* for artistic freedom (Salman Rushdie), for campaign finance reform (John McCain) and even for economic constipation (Leon Panetta).

The clanking cliché: Why do writers grab so quickly for usages that make them look so careless or derivative? One explanation is ignorance; the writer is not consciously aware of the overuse. Another is that the writer is aware but *thinks*, patronizingly, that the reader is not. Sometimes, a cliché is so euphonious or so exactly fits what the writer is trying to say that it's impossible to resist: *nature or nurture . . . feast or famine . . . mend it, don't end it.*

One redeeming quality of clichés is that their meaning is perfectly clear, so clear, in fact, that they are understood even when mangled. Deborah Tannen, the Georgetown University scholar, calls my attention to a whole catalogue of prefabricated expressions that are misconstructed but not misconstrued, like *up against the wire* or *something along those veins.*

What probably underlies every explanation of cliché use is a fundamental of communication: the desire to be heard; the hope that the more colorful one's language, the more effective. *Even when overuse of an expression* drains away all color and effectiveness, that hope seems to, ah, *spring eternal.*

That's true, at least, of American English, but shrinking from overuse is not universal. Tannen quotes Chinua Achebe, the Nigerian novelist: "Having spoken plainly so far, Okoye said the next half-dozen sentences in proverbs. Among the Ibo the art of conversation is regarded very highly, and proverbs are the palm-oil with which words are eaten."

Even so, in English, *eating one's words* has a different meaning altogether. In the United States, if you do have to eat your words, better that they not be stale.

Jack Rosenthal is the editor of The New York Times Sunday Magazine. William Safire is on vacation.

BOOKS

MAGIC CITY

By Jewell Parker Rhodes. 270 pages. $23. HarperCollins.

Reviewed by Tonya Bolden

JOE SAMUELS is a dreamer without a vision, a rebel without a cause, and Harry Houdini is his hero.

Joe will be 18 soon, but at the rate he's going it will be a while before he is a man. Holding him back is his animus against his father, the proprietor of a bank and possessor of "the tallest black man's house" in town. He's a stereotypical hard guy, galled by his son's preoccupation with magic tricks and lack of interest in building upon the legacy he's created in Greenwood, a community of black strivers in Oklahoma's "Magic City," as oil-rich Tulsa was known in the 1920s.

Magic City became a nightmare for blacks after the spring of 1921, when white rage consumed Greenwood with arson, looting, maiming, murder and even bombs courtesy of the National Guard. As Jewell Parker Rhodes (also author of "Voodoo Dreams") says in an author's note, the catalyst was a black shoeshine man being charged with assaulting a white female elevator operator.

Joe Samuels is a shoeshine man in Tulsa's grandest structure, the Ambrose Building, not because this is the best he can do but because he needs to defy his father. "He didn't rely on his father's wealth," a character murkily muses at one point; yet Joe eats his father's food and lives under his roof.

One day Joe gets the gumption to defy custom by not walking up 14 flights to the men's room "for the colored" in the Ambrose Building and taking the elevator instead. As he later reflects, "He'd only thought about wanting to be treated like a man, about wanting to ride because he'd been told not to." Unfortunately for Joe, he is the female elevator operator's sole passenger; and the lobby is full of Negrophobic Tulsans when she, the unloved and unlovely Mary Keane, screams, and the elevator door opens with her laid out on the floor.

Now Joe Samuels is a dreamer on the run.

You never doubt his innocence. You know that Mary was raped by her father's farmhand that morning. You know she had suppressed the agony of the outrage all morning. You know, too, that the reason she had no panties on when found in the elevator is that she left home without any on.

Escape. Capture. Escape . . . As tensions rise high in Magic City, Joe becomes rather Houdiniesque indeed. It is, however, the men of Greenwood who ultimately save him, rising to stand between him and the lynchers. The novel's ending suggests that in the wake of Greenwood's desolation Joe becomes a man, with purpose, with courage and with the muscular vision and noble cause of rebuilding Greenwood.

But the reader can't help but wonder if this is just another of Joe's gossamer dreams, *because from the outset it is* difficult to root for him, to believe that he is not irrevocably bound for a life of absurdity. After all, a black person in the 1920s who idolizes a white man who is — albeit amazing — merely an entertainer is not all that compelling a character.

Heightening doubts about Joe's transformation is the author's failure to achieve the mythic quality of, say, Toni Morrison's "Song of Solomon." There is no sustained evocation of the marvelous, the magical, though Rhodes spikes her novel with appearances from Joe's big brother Henry, who'd died while soldiering in France — plus visitations from Houdini.

Occasionally the reader is treated to a majestic scene, as when "words, like hands, were gathering the men's souls," that is, when the stalwarts of Greenwood are inside Mount Zion church readying for battle against a Klan-dominated horde, and in the face of justifiable fears a sage with the misnomer Lying Man brings his comrades to the grave reckoning that it is better to die taking a righteous stand than to live as white men's boys.

"I hope my novel inspires people to reaffirm that hatred for any reason — race, religion, gender, class — diminishes us all," writes the author in her note. This could certainly happen, but it is too bad that such inspiration is not served up in a fascinating work of fiction.

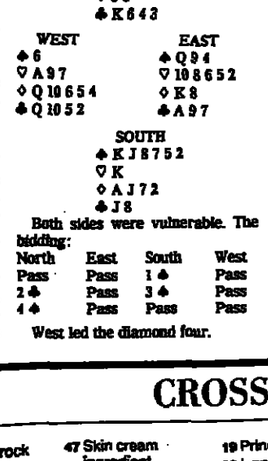
Tonya Bolden, author of "The Book of African-American Women: 150 Crusaders, Creators and Uplifters," wrote this for The Washington Post.

BRIDGE

By Alan Truscott

ONE of the two women's teams that has qualified to represent the United States in Tunisia in October has undergone a slight change. Sue Sachs of Baltimore, who resigned from the group headed by Kathie Wei-Sender of Nashville, after arthritis problems during the trials that determined the selection, has been replaced by Irina Levitina of Teaneck, New Jersey.

Sachs, who will be the nonplaying captain of the team, was playing well at the American Contract Bridge League's Summer Nationals in Albuquerque, New Mexico, recently. Together with her husband, David, and Marc and Sandra Low of Centerville, Ohio, she won the National Mixed Team Championship at the end of the tournament.



NORTH (D)
♠ A 10 3
♡ Q J 4 3
◇ 9 3
♣ K 6 4 3

WEST
♠ 6
♡ A 9 7
◇ Q 10 6 5 4
♣ Q 10 5 2

EAST
♠ Q 9 4
♡ 10 8 6 5 2
◇ K 8
♣ A 9 7

SOUTH
♠ K J 8 7 5 2
♡ K
◇ A J 7 2
♣ J 8

Both sides were vulnerable. The bidding:

North	East	South	West
Pass	Pass	1 ♠	Pass
2 ♣	Pass	3 ♠	Pass
4 ♠	Pass	Pass	Pass

West led the diamond four.

In the diagramed deal, most pairs arrived in four spades and failed. Marc Low was the declarer after an auction employing the Drury convention: two clubs by North following an original pass showed support for the opener with strong game interest.

The opening lead was a diamond, and East's king was allowed to win. The diamond continuation was won with the ace, and the king of hearts was led. West took the ace and led a low diamond, but South countered by ruffing with the spade ace.

Low then threw his clubs on dummy's heart winners and ruffed a club. He then ruffed his last diamond with the spade ten, and was still in jeopardy when East overruffed with the queen and led a heart. He ruffed with the spade eight, rather nervously, and when West could not overruff, he drew trumps and claimed his game. This won the board for his team, for the game failed in the replay.

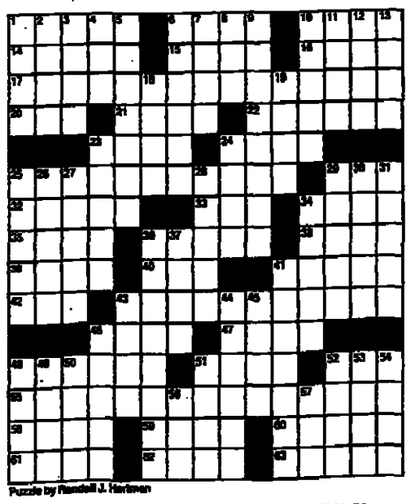
CROSSWORD

ACROSS

1 Clinch, as a victory
5 R.B.I., e.g.
10 Keats, for one
14 Got out of bed
15 "Sock it to —!"
16 Fairy tale's first word
17 Super Bowl I champs
20 Slalom curve
21 New Jersey five
22 Kind of monkey
23 Antebones
24 June 6, 1944
25 Yummy items
28 TV's "L.A. —"
32 Waters: Lat.
39 "Xanadu" rock grp.
34 Remove from a manuscript
35 Sound of a cat or engine
36 Like Jack Benny, famously
38 More than a vogue
39 Pecan and pumpkin
40 Sought election
41 Had money in the bank
42 Sault — Marie
43 Football defensemen
46 It gets slapped around a lot
47 Skin cream ingredient
49 Book after Song of Solomon
51 Z — zebra
52 Hawaiian dish
55 On-line menaces
58 Nobelist Wiesel
59 Old Dodge
60 Artist's support
61 Bambi and others
62 When a factory whistle blows
63 Mink wrap

DOWN

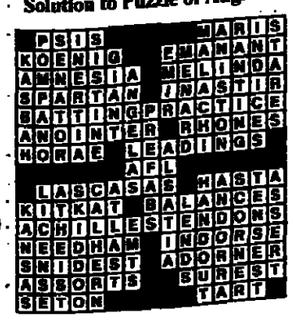
1 Wise
2 Blows it
3 Trials and tribulations
4 Take advantage of
5 Mark Twain, for one
6 Kind of electricity
7 1992 Robin Williams movie
8 Sound stage equipment
9 Sign of sorrow
10 Hoosegow
11 Billfold bills
12 Light beige
13 "— of the D'Urbervilles"
18 Dracula player Lugosi
19 Princely abbr.
23 Ivan and Nicholas
24 Boxer Oscar — Hoya
26 Northern Scandinavians
26 Phrase of resignation
27 Blender setting
28 Nancy Drew's creator
29 "Scram!"
30 Creator of the Ragged Dick books
31 Garden intruders
34 Circumnavigator Sir Francis
36 "Jurassic Park" novelist
37 Length of yarn
41 Candle brackets
43 Hawaiian do
44 Smash, as a windshield
45 Inter —
46 Flutist
48 Clinched, as a victory
49 — survivor
50 Parisian lady friend
51 Florence's river
52 Baja buck
53 Pitcher Hershiser
54 Bermuda, e.g.
56 Comic Philips
57 Kit — Club



Puzzle by Randall J. Hartman

© New York Times/Edited by Will Shorts.

Solution to Puzzle of Aug. 22



INTERNATIONAL



Steffen Schmidt/Reuters

WOOLY — A competitor puffing away at a beard beauty contest in Chur, Switzerland, on Sunday.

BRIEFLY

Government Critics Arrested in Zambia

KABWE, Zambia — Fifty-three Zambian government opponents were arrested after a rally in which former President Kenneth Kaunda was slightly injured by a bullet, the police said Sunday.

Mr. Kaunda, 73, and other opponents of President Frederick Chiluba appealed for restraint and accused the authorities of attempting to kill opposition leaders.

"This is an attempted assassination, and there's no doubt about it," Mr. Kaunda told the South African Press Association late Saturday.

He was speaking from Kabwe General Hospital, where he and Roger Chongwe, head of the Liberal Progressive Front, were taken after they were both hit by the same police bullet. *(AP)*

Witness at Hearing Of Winnie Mandela

JOHANNESBURG — A key witness who disappeared before the 1991 kidnapping trial of President Nelson Mandela's former wife, Winnie, is expected to testify before South Africa's Truth and Reconciliation Commission, the Johannesburg Sunday Times said.

Katiza Cebekhulu, who vanished as he was about to tell the Johannesburg Supreme Court about the abduction and subsequent murder of a teenage activist, Stompie Seipei, will return from London to seek amnesty, the newspaper said.

Last week the panel subpoenaed Winnie Madikizela-Mandela to appear at a hearing about the murder and the disappearance of three other youths. *(AFP)*

UN Mission Arrives For Probe in Congo

KINSHASA, Congo — A much-delayed United Nations mission arrived here Sunday to look for evidence of massacres of Rwandan Hutu refugees in what aid workers say were killing fields in the former Zaire.

But a spokeswoman for the team said a number of issues remained to be settled with President Laurent Kabila's government before the investigators could begin work.

"We are here, and this is already a major accomplishment, but there are still several things that need to be clarified," Myriam Dessables said. *(Reuters)*

Journalists at Risk In Latin America

MIAMI — Despite an era of democracy in Latin America, journalists who criticize governments or investigate sensitive issues risk harassment, intimidation and death, human rights groups say.

Recent reports by Amnesty International and the Inter-American Press Association said journalists face risks in Peru, Cuba, Colombia, Argentina, Guatemala and especially Mexico. *(Reuters)*

PEACE: *A New World of Economic Growth*

Continued from Page 1

including some major Asian ones.

Since ancient times, people have required the breathing space of peace to plant crops, develop crafts, build industries and engage in barter — to release the enormous human energies that quickly turn to economic activity. In the 1990s, there are new factors at work spreading such vigor worldwide — not least technology.

One of the most technologically sophisticated nations, the United States, has emerged as both a military giant and economic powerhouse, a situation few predicted a decade ago.

Gavin Wright, an economic historian at Stanford University, says that analysts have been comparing this era to the Pax Britannica of the last century and early this century, "when the British had domination of the seas and certainly were not afraid of being attacked in Britain."

Such a situation, he added, "was a very positive thing for long-term investment in new technologies and skills."

As this century ends, the United States is in roughly the same position and, released from the Cold War fears of giving away knowledge to the enemy, is more willing to share and sell American know-how.

"You could say that we wouldn't be having this globalization unless it were basically an era of peace," Mr. Wright said. "People are relaxed about the transmission of technology across borders."

But many historians and analysts of world trends caution that peace on its own is never enough for sustained economic strength. Peace provides only a positive environment for development and growth.

Social, political, cultural and sometimes geographic factors take over from there, they say, and they point to short-term problems in healthy countries and some long-term weaknesses elsewhere — in many African nations, in North Korea and in pockets of the former Soviet bloc.

Also, *in an age of economic globalization*, the policies of disparate nations and regions need a certain amount of mesh. The collapse of communism and the discrediting of centralized economic policies have fostered integration. But the next stage is crucial.

"If peace is defined as the absence of conflict, that may or may not mean that you have what you need to get economic growth going," said Paul Goble, a former adviser to Secretary of State James Baker on Soviet nationalities and the Baltics who is now a director at Radio Free Europe in Washington. Mr. Goble sees many false hopes for what peace could bring in Central Asia, Afghanistan and Pakistan.

James Chace, a Latin American expert who teaches international Relations at Bard College and edits World Policy Journal, agrees that "the danger is to try to make too easy a connection between peace and prosperity." But he tempers his doubts.

"It's true that in peace you are more likely to have prosperity. Generally, businessmen don't like war. The merchants of death may, but that's an exception. For the average businessman, the banker, it spells turmoil, uncertainty — so why would you do it? Interstate conflict is less and less likely now."

The looming problem is translating worldwide growth into equity for all, he said, and that applies to the United States as much as to the Third World.

"In times of war, you rally people around the flag," he said. "But if there's no trouble abroad, it's very hard to distract them. If you strip people of the benefits they have come to expect, if too many people are left out of the economic boom, particularly in the middle class, then you can have internal turmoil. Turmoil at home and peace abroad — I think that is the most likely danger, unless you begin to have an economy that avoids social dislocation."

Mr. Chace looks back to the 1890s, when the United States was at peace and in an economic boom, but there was unrest because organized labor was suppressed and not a lot of wealth was trickling down. A century later, the growing phenomenon of small civil conflicts, coupled with widening gaps between rich and poor in many nations — and the existence of hundreds of millions of people in absolute poverty worldwide — gives policymakers plenty to work on in peacetime.

"Peace is not only the absence of conflict," said Juan Somavia, Chile's representative at the United Nations. "It is the presence of human security — at the individual level, the family, the community. Peace is also positive things *happening within a society. The two* peaces are necessary. The problem today is that, yes, you have less major conflict, but you also have more human insecurity worldwide. The real security threat of the future is that people feel insecure in their own societies."

And it is not hard to see why they would view economic globalization not as an opportunity to attract investment and modernizing skills to their countries but as a new form of economic imperialism.

OLESTRA: *Fat Profit from No-Fat Snacks*

Continued from Page 1

snack, P&G and supermarket executives say. Of those people, 71 percent have *bought at least a second helping* — even though every package carries a label as graphic as anything that has ever appeared on the side of a cigarette box: "Olestra may cause abdominal cramping and loose stools."

These statistics augur well for Procter & Gamble's half-billion-dollar wager that it can make money on a product that promises the taste of real potato chips without the fat and with half the calories, even though it makes some people sick.

Olestra's nemesis, Michael Jacobson, executive director of the Center for Science in the Public Interest, says the marketers' efforts — what he calls an "enormous propaganda campaign" — are nothing less than "a demonstration of corporations without a conscience."

But the companies reject such accusations, and so do many consumers here. "I have been plagued with overweight *all my life, and I love these* products," said Dorothy Hall, a 65-year-old.

Even some of those who have suffered digestive distress cannot do without their olestra snacks. "I had to lay off these for a while because they gave me diarrhea and loose stools," said Matt Hale. "But I didn't think it was severe enough so I couldn't buy them again."

Americans ate 5.5 billion pounds (2.5 billion kilograms) of salty snacks last year, or about 22 pounds a person. This dwarfs the amount consumers spend annually on such "healthy" products as vitamins and minerals.

Procter & Gamble and Wall Street are counting on olestra's earnings potential. The P&G chairman and chief executive, John Pepper, told analysts recently that the company was aiming for $500 million in domestic sales from olestra and $400 million internationally "by the end of the decade." That would make Olean one of the company's top 10 brands.

For Frito-Lay, the king of snack-food manufacturers, *with North American* sales of $6 billion, "this is the biggest product we've ever launched," said Steve Sears, a vice president of marketing.

The rewards could be immediate. Andrew Conway, an analyst for Morgan Stanley, Dean Witter, predicted that if volume was strong, Frito-Lay's olestra rollout "could increase 1998 PepsiCo earnings per share 1 to 2 cents" — or a total of $35 million to $50 million in added operating profits.

Procter & Gamble has been pricing its Olean Pringles at a 40 percent premium to its regular Pringles, it and sold more than 7 million one-ounce (28-gram) servings of them during the market test, exceeding expectations, according to company and local supermarket executives.

The U.S. Food and Drug Administration approved olestra for use in snacks in January 1996, after a nine-year re*view. It was the first new nutrient to be* approved in two decades.

It insisted on the warning label after some researchers linked olestra to a higher incidence of gastrointestinal distress. But in approving the use of olestra, Dr. David Kessler, then the commissioner of food and drugs, said research data "demonstrate reasonable certainty of no harm for use in certain snack foods."

But Dr. Walter Willett, a physician who is chairman of the department of nutrition at Harvard University's School of Public Health, disagrees. "My major concern is the long-term health consequences," he said. Those who have no gastrointestinal distress, he said, "will go on eating olestra on a long-term basis, and this will increase their chance of getting serious disease," like heart attacks, strokes and blindness due to macular degeneration, a disease of the retina.

Sir Eric Gairy, Grenada Ex-Chief, Dies

The Associated Press

ST. GEORGE'S, Grenada — Sir Eric Gairy, widely regarded as an eccentric and authoritarian leader during 12 years as prime minister of Grenada, died Saturday at his home. The cause of death was not immediately known, but Sir Eric, 75, *suffered a stroke last year.*

He dominated politics on this Caribbean island for three decades, and became its first prime minister after it gained independence from Britain in 1974. He was accused of numerous human rights abuses, and a paramilitary band called the "Mongoose Gang" terrorized scores of his opponents.

From 1967 until his ouster in a coup in 1979, he personally approved government spending and hiring decisions and granted contracts to supporters. He responded to growing dissent with repression and restrictions on organized labor and the media. He once urged the United Nations to investigate unidentified flying objects and, despite his political stature, once accepted an invitation to judge a Miss World beauty contest.

On March 12, 1979, he left Grenada for talks at the United Nations on UFOs. The next day, Maurice Bishop of the opposition New Jewel Movement overthrew the Gairy government. The United States gave Sir Eric refuge but quickly recognized the new People's Revolutionary Government. After the assassination of Mr. Bishop and the U.S. invasion in 1983, Sir Eric returned but was unsuccessful in several election attempts.

Rolf Knie, 75, a master elephant trainer who led Switzerland's foremost circus family for 50 years, died of heart failure on Aug. 18. Mr. Knie headed the family-owned Swiss National Circus from the death of his father in 1941 to his retirement in 1991.

Kay Halle, 93, a glamorous Cleveland department store heiress who cut a heady swath through the 20th century firmament, befriending and bewitching luminaries on both sides of the Atlantic and serving as a perceptive gadfly in politics, society and the arts, died Aug. 7 at her home in Washington. She formed enduring intimate relationships with such diverse figures as George Gershwin, Randolph Churchill, Averell Harriman, Joseph P. Kennedy, Walter Lippmann and Buckminster Fuller, had a creditable enough career in journalism and with American intelligence in World War II, conducted radio interviews with public figures and provided intermission commentary for Cleveland Orchestra broadcasts.

William Cade, 75, a decorated French Resistance fighter and later a travel executive, died of a stroke Aug. 8 in a hospital in Naas, Ireland. He came to New York in 1947, and in 1964 moved to Ireland, where he later opened Kilkea Castle as a hotel.

Jean Westwood, 73, a leader of George McGovern's unsuccessful Democratic campaign for president in 1972 and the first woman to be chairman of a major political party, died Aug. 18 in American Fork, Utah, of complications from a pituitary tumor. She became the chairman of the Democratic National Committee after Mr. McGovern won the Democratic nomination.

Tete Montoliu, 64, a blind pianist and one of Spain's most popular jazz artists, died Sunday of lung cancer in in a hospital in Barcelona.

MUTUAL FUNDS

Figures as of close of trading Friday, Aug. 22

The lesson
From a Past
Bull Market

CYBERSCAPE

Australia F

CURRENCY RAT

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Herald Tribune
INTERNATIONAL
BUSINESS/FINANCE
MONDAY, AUGUST 25, 1997

The Lessons From a Past Bull Market

Decade After Collapse, A Sense of Déjà Vu?

By Edward Wyatt
New York Times Service

NEW YORK — It was a glorious summer on Wall Street. Stock prices rocketed to a series of new highs as investors poured record amounts of money into mutual funds. The last recession was a distant memory, and, although interest rates were perking up a bit, inflation appeared under control. The Federal Reserve Board's chairman, Alan Greenspan, was the toast of the Washington dinner-party circuit. With Labor Day approaching, few saw any reason for the market run-up to end anytime soon.

Sound familiar? The description fits today, but these events transpired in the summer of 1987, at the end of one of the greatest bull runs in Wall Street history.

On Aug. 25, 1987 — 10 years ago Monday — the Dow Jones industrial average peaked at 2,722.42, culminating a spectacular advance of more than 40 percent in just eight months.

Who on Wall Street that day could have known that less than two months later, those gains would evaporate in a frenzy of selling, the memory of which still produces knots in the stomachs of many market longtimers?

To some who lived through it, the crash of Oct. 19, 1987 — when the market plummeted 22.6 percent in a single session, a percentage decline nearly twice as large as the 1929 debacle that ushered in the Great Depression and more than seven times the 3.1 percent plunge that rattled Wall Street nine days ago — seemed like a bolt from the blue.

But even as the first crocus poked its head out of the still-thawing ground that spring, signs of trouble were sprouting on the economic landscape. By late August, they were everywhere, and a few nervous investors were beginning to sniff a disaster.

Before the market opened on that Black Monday in October, stock prices had already fallen more than 17 percent from their peak.

With the parallels between the market exuberance of 1987 and 1997 so stark, the question naturally arises: Are there also parallels between economic conditions then and now that forebode another market meltdown?

A review of the developments that led to Black Monday makes it obvious that the U.S. economy is in much sounder shape now than it was then. In addition, policymakers have clearly learned the lessons of that era and are not likely to make the same mistakes.

But the same historical retrospective shows that even as events that bring down a market unfold, their capacity for damage often goes unrecognized. And that raises a troubling question for investors in 1997: Now that the economic generals know how to fight the last war, will they recognize the warning signs of the next one?



Paul Hosefros/The New York Times

Alan Greenspan, center, and President Ronald Reagan at Mr. Greenspan's inauguration as chairman of the Federal Reserve Board in August 1987. That summer's bull run ended in October, when the market collapsed.

So many economic and political episodes — from the recent currency crisis in Southeast Asia to last month's balanced-budget accord in the United States — hold the potential for disruptive consequences that even the savviest policymaker cannot know exactly how to respond to them. And market downturns have a habit of catching people by surprise.

Indeed, the big guessing game on Wall Street these days is whether one is under way at this very moment.

That said, many analysts are much more comfortable with the resilience of the American economy today than they were a decade ago.

"From my perspective, 1997 and 1987 are very dissimilar," said Wayne Angell, a Bear, Stearns economist who 10 years ago was a member of the Federal Reserve Board. "At that time, you had a deterioration of the economic-policy environment, which meant stocks were not going to work as the market had priced them.

"The economic condition was worsening from October 1986 through October 1987," he added. Today, by contrast, it is not. "I do not see any signs of that occurring. I continue to expect that the bull market goes on and on and on, interrupted only by some corrections," Mr. Angell said.

Probably the most striking similarity between 1987 and today is the investor euphoria that in both periods helped fuel the market to ever loftier peaks — peaks that, then as now, economic killjoys were warning were unrealistic by traditional measures. The good times, it seemed, would never end.

"I would say that things today are maybe 70 percent similar to 1987" in that regard, said Robert Farrell, a senior investment adviser at Merrill Lynch who in 1987 was the firm's chief market strategist. "On an economic basis, the two periods are different. But we have a period of overvaluations, with high public participation in the market and a high level of complacency in bullish sentiment."

For example, Mr. Farrell recalls, analysts considered the market to be highly valued in March 1987 — and it shot up another 20 percent over the next five months as $3 billion a month flowed into mutual funds, foreigners scrambled to invest in American stocks and the total supply of stock shrank from all the leveraged buyouts and other deals that were taking place.

Market players who recount their astonishment at the 1987 gains sound remarkably like people today marveling over the Dow's climb from one millennial post to the next.

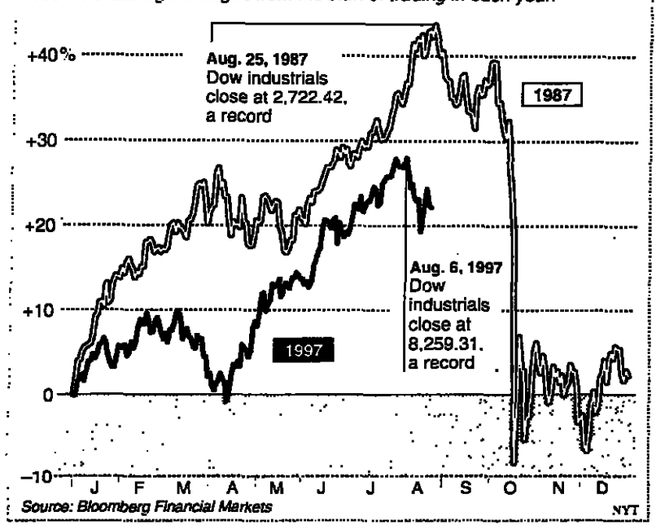
Then, as now, the most potent force was the cost of credit. The higher the interest rates people and businesses must pay for loans, the heavier the drag on the economy; the lower the interest rates, the more powerful the impetus.

For those who were asked to compare the two eras, one of the sharpest discrepancies was the sudden uptick in

See DECADE, Page 13

Long Hot Summers

There have been times this year when the stock market s trajectory has seemed to parallel the path blazed by the Dow Jones industrial average in 1987. Percentage changes from the start of trading in each year.



Source: Bloomberg Financial Markets NYT

Japan Bank to Supply Funds for Philippines

IMF Also Prepares Peso Review

Compiled by Our Staff From Dispatches

MANILA — The Philippines will soon receive $490 million from the Japan Export-Import Bank, partly to augment foreign exchange reserves depleted in a failed defense against currency speculators, an official said Sunday.

Cristina Orbeta, external debt director of the Central Bank of the Philippines, said the funds would be released within 10 days.

She said $340 million of the total represents most of a "parallel" Japanese financing facility tied to an existing facility provided by the International Monetary Fund.

The IMF was to begin this week to assess the damage of the de facto peso devaluation on the Philippine economy, Central Bank officials said Sunday.

A three-year IMF program for the Philippines was to have ended in June, but Manila asked for a four-month extension after speculative attacks caused the peso to depreciate sharply against the dollar.

The peso has fallen about 21 percent against the U.S. dollar since mid-July, when speculators turned their sights on the Philippines after several other currencies in the region collapsed.

Central Bank officials said the IMF would assess the country's "latest economic and financial developments for the first half of 1997 and conduct an exchange of views" on policies and targets for 1997 and 1998.

Other discussions will center on possible changes in Philippine balance-of-payments projections and the impact of the peso depreciation on the trade balance, on capital transfers and on the country's outstanding foreign debts, the officials said.

The bank has forecast a $2.9 billion balance-of-payments surplus for 1997, but bank documents showed Sunday that the balance fell to a $139.6 million deficit for the year through May from a surplus of $317 million through April.

The documents blamed $668 million of the shortfall on foreign exchange trading in May.

The deficit compared with a $1.96 billion surplus in the first five months of 1996.

The payments deficit also was far below the target of a $1.3 billion balance-of-payments surplus that had originally been projected under a program approved by the IMF.

The IMF offered the Philippines almost $1.1 billion in financial support last month to help ease the problems that caused the peso's fall.

Manila has used about $700 million of that amount.

The Philippines plans to exit from more than two decades of economic stewardship under the IMF this year as soon as it passes a crucial package of tax reforms. *(AFP, Reuters)*

■ Moody's: Jakarta Banks Stable

Moody's Investor Services Inc. said that the currency crisis in Indonesia had not affected the country's banks so far and they did not require a reassessment of their credit quality, Reuters reported from Jakarta.

"The only potentially serious threat to bank ratings," the agency said in a report released Saturday, stems from deteriorating credit that could result from "borrowers' unhedged foreign currency liabilities or an economic slowdown." Moody's ranks the quality of credit, bonds and other investment instruments worldwide.

"Until the exchange rate settles, it is premature to assume that credit quality will deteriorate so badly as to require a reassessment of Moody's ratings," it said.

Indonesia's rupiah fell to a historic low of 3,045 against the U.S. dollar on Tuesday following its float the previous week.

It recovered after the central bank sharply increased short-term interest rates and finished Friday at 2,670.

Hong Kong Sees End to Dollar 'Crisis'

Bloomberg News

HONG KONG — Hong Kong's financial secretary said he was confident that the speculative attacks on the territory's dollar that drove interest rates to their highest levels in five-and-a half years have ended.

"As far as I'm concerned, the so-called crisis is more or less over," Donald Tsang said at a news conference Saturday. "There were a couple of skirmishes and we came out all right."

The currency has remained relatively stable, even though investors have bid up the price of foreign exchange contracts in the futures markets. Their trades were based on fears that Hong Kong might decide to remove its ties to the U.S. dollar as several Asian nations have done in the past two months.

The Hong Kong dollar has been pegged to the U.S. dollar since October 1983. Because of that link, rising interest rates are the best signal that the currency is under pressure.

Mr. Tsang said he was not worried about more speculative attacks on the Hong Kong dollar, a key pillar of China's one-country, two-system economic policy that will guide Hong Kong over the next 50 years.

"I suppose that speculators having been burnt will not wish to come back too quickly," he said. "I'm pretty confident that we're able to cope with whatever problems might come our way."

He tried to dispel fears that Hong Kong was becoming less competitive than neighboring countries whose currencies have weakened against the dollar recently.

"Hong Kong's economic structure has changed over the years. We are not so much dependent on manufactured goods," Mr. Tsang said.

He said that what Hong Kong "might lose in foreign exchange relativity" could be gained "as a very stable economy relative to our neighbors."

CYBERSCAPE

Australia Firm Hits Bonanza by Selling Net Sites

By Rajiv Chandrasekaran
Washington Post Service

WASHINGTON — What's the difference between .net and .com on the Internet?

It's $150, if the Web site's name starts with www.internic.

At www.internic.net, you'll find the site for the InterNIC, the official registry of Web sites, run by the Herndon, Virginia-based Network Solutions Inc.

The company charges $100 for two-year rights to a particular Internet address, such as www.disney.com or www.cocacola.com.

At www.internic.com, you'll also find a service to register Internet addresses — "*domain names*" *in Net-speak.*

At the internic.com Web site, started in June by an Australian company called Internic Software, you can get the same two-year rights to an unused address, but for the price of $250.

Since it went on-line, the *copycat site has lured more* than 2,000 people to pay the inflated address price, according to Network Solutions.

Last week, the Federal Trade Commission weighed in, saying the site probably violates federal regulations against deceptive trade practices.

Under an agreement with the National Science Foundation, Network Solutions has the exclusive rights to hand out domain names that end with .com, .net, .org and three others.

Internic Software, according to the Federal Trade Commission and Network Solutions, has been taking the names people submit to them and directly applying to the *real InterNIC* — pocketing $150 a pop in the process.

"Consumers who thought they were registering their domain names with an official registry were deceived by a site that used a virtually identical name and format," said David Medine, the Federal Trade Commission's associate director for credit practices.

"Consumers paid two-and-a-half times to do what they could have done directly with the official site," he said.

Network Solutions alleges that, in some cases, the names were never submitted to the InterNIC.

The Federal Trade Commission said it has notified the Australian authorities, who have begun an investigation of the company.

As of Thursday afternoon, *Network Solutions said it* would not begin a 30-day process to revoke Internic Software's address, even though Network Solutions has the ability to zap the domain with a few computer commands.

David Graves, the Internet business manager for Network Solutions, said there are

'I felt really taken. It was like somebody stole $300 from my purse.'

"still some issues we need clarification on" from the Federal Trade Commission.

The company said it had hoped that the commission's opinion would provide legal cover in case Internic Software decides to sue.

But why would Network Solutions *decide in the first* place to give such a similar domain name to Internic Software?

"I don't have an answer for that," Mr. Graves said. He said the company, which processes about 120,000 domain-name applications a month, doesn't individually review each application and that 90 percent are handled automatically.

"It would take a lot of manpower to sift through each one, and we wouldn't know what to look for anyway," he said.

Network Solutions has canceled names found to be misleading before. Last month, for example, it pulled *the plug on the site* www.nasa.com, which featured pornographic pictures, after many Web surfers stumbled across it when trying to access photos of the Mars Pathfinder mission from the official site of the National Aeronautics and Space Administration at www.nasa.gov.

Officials of Internic Software have not returned telephone calls or electronic mail messages.

Among those fooled by the Australian site was Teresa Lauer, a computer consultant in Monterey, California, who assumed the real InterNIC's site would end with .com.

She said she wasn't suspicious because the internic.com site provided domain registrations.

The site has a warning at the bottom of the screen, saying that "Internic Software is not affiliated with, or part of Network Solutions, Inc. or its *InterNIC operation.*"

Ms. Lauer said she didn't see the warning. Mr. Medine of the Federal Trade Commission said the disclosure was "not at all clear."

The next day, after Ms. Lauer signed up for two sites for $500, she found the real InterNIC site. "I felt really taken," she said. "It was like somebody stole $300 from my purse."

Internet address: CyberScape@iht.com.
Recent technology articles: www.iht.com/IHT/TECH/

CURRENCY RATES

Aug. 22

Cross Rates

	$	£	DM	FF	Lira	DFl	BF	SF	Yen	C$	Peseta
Amsterdam	2.05	3.288	1.126	0.3342	0.1154	—	5.454	1.3458	1.7465	1.471	1.227
Brussels	37.46	59.775	20.6485	6.128	2.117	18.34	—	24.8675	31.916	26.85	24.5825
Frankfurt	1.822	2.912	—	0.2969	0.1025	0.8882	4.8631	1.2096	1.5578	1.3042	1.1826
London (£)	1.6052	—	2.9171	9.8282	2.8472	2.284	80.2608	2.4062	185.4505	2.2379	247.1688
Madrid	153.365	245.229	84.52	25.092	8.664	75.066	4.0933	102.25	131.57	109.885	—
Milan	1,773.60	2,845.00	975.35	289.75	—	866.80	47.22	1,180.65	15.17	1,272.25	11.538
New York (z)	—	1.6115	0.5527	0.1685	0.0579	0.5045	27.48	0.6855	118.345	1.3934	152.855
Paris	6.1113	9.773	3.3684	—	0.3452	2.9917	0.1631	4.075	5.2435	4.3793	2.9845
Tokyo	117.15	186.22	63.77	19.93	6.65	56.64	3.0886	77.45	—	84.15	6.755
Toronto	1.3921	2.2421	0.7663	0.2276	0.0785	0.6813	0.0375	0.9288	1.177	—	0.907
Zurich	1.4975	2.416	0.8252	0.245	0.0846	0.7334	3.998	—	1.278	1.0722	0.9759
1 ECU	1.0861	0.6792	1.9705	6.6376	1.922.37	2.2187	40.4886	1.4288	126.586	1.5157	166.588
1 SDR	1.2898	0.8499	2.4775	0.3099	2.406.72	2.7779	51.372	2.0479	159.365	1.884	208.562

Closings in Amsterdam, London, Milan, Paris and Zurich, fixings in other centers; New York and Toronto rates at 4 P.M.
*c: To buy one pound; b: To buy one dollar; *Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9999	Greek drac.	288.45	Mex. peso	7.78	S. Afr. rand	4.7465
Australian $	1.3416	Hong Kong $	7.7453	N. Zealand $	1.5552	S. Kor. won	898.80
Austrian sch.	12.753	Hung. forint	199.38	Norw. krone	7.5455	Swed. krona	8.0125
Brazil real	1.0908	Indian rupee	36.24	Phil. peso	30.00	Taiwan $	28.72
Chinese yuan	8.3191	Indo. rupiah	2670.0	Polish zloty	3.50	Thai baht	32.85
Czech koruna	34.76	Irish £	0.6938	Port. escudo	186.25	Turkish lira	165380
Danish krone	7.0165	Israeli shek.	3.532	Russ ruble	5816.0	UAE dirham	3.6725
Egypt. pound	3.3943	Kuw dinar	0.3028	Saudi riyal	3.7508	Venez. bolív.	495.75
Fin. markka	5.4898	Malay. ring.	2.755	Sing. $	1.4963		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.5955	1.5936	1.5915	Japanese yen	116.03	115.49	114.98
Canadian dollar	1.3933	1.3908	1.3886	Swiss franc	1.4935	1.4882	1.4830
Deutsche mark	1.8081	1.8045	1.8010				

Sources: ING Bank (Amsterdam); Cera Investment Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo).

Malaysia Still Blames Soros

Prime Minister Calls the Financier a 'Moron'

Compiled by Our Staff From Dispatches

KUALA LUMPUR — Prime Minister Mahathir bin Mohamad of Malaysia called George Soros, the U.S. financier, a "moron" and said he had no wish to meet the man whom he has blamed for the turmoil in Southeast Asian currencies.

"All these countries have spent 40 years trying to build up their economy, and a moron like Soros comes along with a lot of money" to speculate in their currencies, Mr. Mahathir was quoted on Saturday as saying by the news agency Bernama.

Mr. Mahathir also said that he had not given the World Bank any mandate to arrange a meeting between him and Mr. Soros, following reports that Mr. Soros wanted to see him and that the World Bank was acting as an intermediary in the dispute.

"I don't know what business it is of theirs," Mr. Mahathir said. "Trying to make this kind of manipulative speculation legal, is it?"

In July, Mr. Mahathir launched a blistering attack on Mr. Soros, saying that Malaysia was the "victim" of currency speculation by Mr. Soros and others that sent the ringgit to its lowest level in three years against the dollar.

Mr. Soros told Hong Kong's Sunday Morning Post that he had not been involved in the Southeast Asian currency market, and that he believed stability would return soon.

"As for our activities in Southeast Asia, we have recently bought some Indonesian rupiah," Mr. Soros said.

Tim Cullen, a World Bank spokesman, was quoted saying a meeting could take place during the World Bank-International Monetary Fund meeting, which is scheduled to start in Hong Kong on Sept. 20.

"I will go to Hong Kong but I don't have any wish to meet him," the Malaysian prime minister said, referring to the Hungarian-born financier. "He has only listened to me through the press. He can make the statement through the press. I will listen." *(Reuters, Bloomberg)*

SFX Sale May Create Radio Giant

Compiled by Our Staff From Dispatches

DALLAS — SFX Broadcasting Inc. is expected to agree to sell itself for about $2 billion early this week, according to persons familiar with company plans.

The acquisition firm Hicks, Muse, Tate & Furst Inc. of Dallas, and Jacor Communications Inc., a radio station owner in Covington, Kentucky, are the leading bidders competing for SFX, they said. The New York-based SFX operates 72 radio stations, and a deal with Hicks, Muse would create the largest U.S. radio company, bumping CBS from the top spot. Hicks, Muse owns 241 radio stations around the country.

The eighth-largest U.S. operator of radio stations expects to fetch about $1.1 billion in cash or stock, observers said. The price would translate into about $73 a share, and the buyer would assume $900 million in SFX debt. Earlier this month, Hicks, Muse cut a deal to buy LIN Television for $1.7 billion. In the past year, it has bought major cable TV companies in Mexico and Argentina.

"Things are just incredible in terms of consolidation in this business," said Edward Atorino, a media analyst at Wasserstein Perella Securities Inc. The sale of SFX would be among the biggest in the industry since ownership restrictions were eased last year.

Broadcasters have amassed clusters of stations, boosting their advertising revenue by reaching wider audiences and cutting costs by combining sales forces.

Until last year, R. Steven Hicks, head of Hicks, Muse's Capstar Broadcasting unit, served as SFX president and chief executive. *(AP, Bloomberg)*

CAPITAL MARKETS ON MONDAY

A Dash of Rate Jitters and Fear of Asian 'Disease': More Than Just Static?

By Carl Gewirtz
International Herald Tribune

PARIS — Is money talking, or is it just making noise?

It could just be noise, this disconcerting pattern of end-of-week surges in the volatility of financial asset prices. August does carry the label of the "silly" Month, when prices turn erratic because so many market participants are on vacation and trading thins dramatically.

Certainly Friday's performance of U.S. stock prices lent credence to this view, with the Dow Jones index down 177 points in afternoon trading and then recovering to a loss of only 6.04 points by the close.

But an equally plausible interpretation of the increasing volatility is that investors are becoming jittery about the environment in which they operate, whether it is in stocks, bonds or currencies. In addition to the global sell-off in stocks, ignited by the fall on Wall Street on Thursday, global bond prices outside Japan also suffered as the dollar slid against the Deutsche mark.

The most obvious worry is the fear of rising interest rates. In the United States, analysts anticipate that the second estimate of second-quarter growth expected on Thursday will be in the area of an annual rate of 3.5 percent, up considerably from the preliminary estimate of 2.2 percent and likely to kindle fears that the Federal Reserve Board will push up interest rates at its next policy meeting on Sept. 30.

A rate rise would add to the dollar's longer-term allure, but the immediate effect of falling stock and bond prices could hurt the currency.

In Germany, meanwhile, a steep 4.2 percent year-on-year increase in import costs fanned fears that the Bundesbank would follow through on its implied threat and move its weekly allocation of cash from a fixed rate to a variable rate, signaling willingness to see rates increase. Conditions for the weekly tenders are set each Tuesday.

Another concern, perhaps more serious because it is so vague, is a worry about contagion from the current currency turmoil in Asia.

The possible disease is deflation stemming from contraction in the so-called tiger economies that might infect the rest of the continent, including Japan and China, and then spread to Europe and the United States.

"The spreading deflationary pressure in Asia is due fundamentally to pressures arising from excess capacity," said John Makin of the American Enterprise Institute in Washington. "The investment boom in the Asian Tigers and China, and more recently in Vietnam, has increased the capacity to produce goods more rapidly than the demand for those goods has increased."

The problems have been complicated by the currency link to the dollar, which appreciated strongly, particularly against the yen, and by overborrowing by businesses, overlending by banks and overspending by industry and consumers.

The subsequent currency devaluations, led by Thailand and spreading to Indonesia and the Philippines before now threatening to engulf Hong Kong, intensify competition with China, which itself is suffering a build-up of inventories and a weak and exposed banking system.

Furthermore, the monetary and fiscal tightening now under way in Southeast Asia threatens Japan. Asia accounts for 40 percent of its exports, the only sector to show life following the yen's decline.

"The potential consequences of Asian deflation for financial markets are far greater than a resumption of U.S. growth or a modest increase in interest rates by the Bundesbank," Mr. Makin warned.

The situation in Asia, said Mark Cliffe, London-based analyst at HSBC Markets, "could cause further volatility" in global financial markets. He saw potentially worrisome trade and financial implications.

"For Japan's fragile recovery, the Asian crisis poses the twin threat of competitive devaluations and weakening export demand. The depressed trade activity also has implications for U.S. and German exporters."

On the financial side, he worried about the extent to which Japanese banks were exposed in Thailand and the possible knock-on effects this could have for the already troubled Japanese banks.

Mr. Cliffe also noted that "to the extent that Asian central banks intervene to support their currencies, they may be forced to unload large portfolios of U.S. Treasury paper and that would have implications for the U.S. market."

At the same, analysts cautioned against exaggerating the possible fallout from Asia. Patrick Arthus at Caisse des Depots in Paris said, for example, that "it's really only Thailand which faces a serious crisis, the other economies of the region are very robust."

But one international expert, noting the lack of detailed information on the full extent of the troubles, said "it's bound to generate headwinds for the global economy. Whether the size of the shock is likely to be big enough and the transmission mechanisms broad enough to make the magnitude of effects large enough to worry about, who knows?"

Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending Aug. 22. Prices supplied by Telekurs.

Argentine Peso

Rnk Name	Cpn	Maturity	Price	Yield
247 Argentina FRN	3.341	04/01/07	110.2000	3.0300

Australian Dollar

Rnk Name	Cpn	Maturity	Price	Yield
111 Australia	6¾	11/15/06	102.8310	6.5600
198 Fannie Mae	6⅝	08/15/07	96.8750	6.5800

Belgian Franc

Rnk Name	Cpn	Maturity	Price	Yield
224 Belgium Tbills	zero	11/13/97	99.1726	3.5500

British Pound

Rnk Name	Cpn	Maturity	Price	Yield
124 Abbey Natl TS	6	08/10/99	97.3750	6.1600
144 Fannie MaeW8	6⅞	06/07/02	98.8750	6.9500
192 Britain	7¼	12/07/07	101.6250	7.1300
201 FHLB	6⅞	06/07/02	98.7500	6.9600
207 World Bank	6.10	03/17/00	97.8750	6.2300

Canadian Dollar

Rnk Name	Cpn	Maturity	Price	Yield
187 Canada	7½	03/01/01	107.6640	6.9700
223 Canada	7	09/01/01	106.2400	6.5900
231 Canada	7½	12/01/03	109.6360	6.8400

Danish Krone

Rnk Name	Cpn	Maturity	Price	Yield
10 Denmark	8	03/15/06	113.0000	7.0800
18 Denmark	7	11/15/07	106.0200	6.6000
22 Denmark	8	11/15/01	110.9000	7.2100
30 Denmark	7	12/15/04	107.2300	6.5300
37 Denmark	9	11/15/00	112.1700	8.0200
41 Denmark	7	11/10/24	101.2000	6.9200
44 Denmark	6	12/10/99	103.1500	5.8200
45 Denmark	9	11/15/98	105.4900	8.5300
50 Denmark	8	05/15/03	112.6600	7.1000
66 Denmark	6	11/15/02	103.6100	5.7900
93 Denmark	6	02/15/99	102.4200	5.8600
102 Nykredit	7	10/01/29	96.2500	7.2700
107 Nykredit 3 Cs	6	10/01/26	92.0500	6.5200
133 Denmark	7	02/15/98	101.4300	6.9000
179 Nykredit Bank	7	10/01/26	98.4000	7.1100
205 Real Kredit	6	10/01/26	92.0000	6.5200
218 Denmark	5	08/15/05	96.6000	5.1800

Deutsche Mark

Rnk Name	Cpn	Maturity	Price	Yield
1 Germany	6	07/04/07	102.7646	5.8400
2 Germany	6½	07/04/27	101.8684	6.3800
3 Germany	6	01/04/07	102.1500	5.8700
5 Bundesobligation	4½	02/22/02	99.3120	4.5300
7 Germany	6¼	04/26/06	104.6338	5.9700
8 Germany	8	07/22/02	113.4300	7.0500
9 Germany	3½	06/18/99	99.5300	3.5200
11 Germany	8	07/21/02	112.8500	7.0900
12 Germany	7¾	01/03/05	112.0700	6.5800
14 Germany 94	6¼	01/04/24	99.1756	6.3000
16 Treuhand	7⅜	12/02/02	110.9458	6.6500
17 Germany	6⅞	05/12/05	108.6859	6.3300
21 Treuhand	7¾	10/01/02	112.4937	6.8900
23 Germany	6	01/05/06	103.2480	5.8100
24 Germany	5	08/20/01	101.7400	4.9100
25 Federal Tsy	3¾	03/19/99	99.9000	3.7500
26 Treuhand	7½	09/09/04	112.6500	6.6600
27 Germany	6½	10/14/05	106.6100	6.1000
29 Treuhand	7⅛	01/29/03	110.0000	6.4800
31 Germany	8⅞	12/20/00	113.3900	7.8300
34 Treuhand	6½	04/23/03	107.1500	6.0700
35 Germany	6½	07/15/03	107.2400	6.0600
36 Germany	6½	03/15/00	105.5200	6.1600
38 Germany	5¾	08/22/00	103.9200	5.5300
40 Germany	8¾	08/20/01	115.0600	7.6000
42 Germany	9	10/20/00	113.3017	7.9400
43 Germany	3½	09/18/98	99.9900	3.5000
46 Germany	6	02/16/06	103.2550	5.8100
48 Germany	5	05/21/01	101.6900	4.9200
49 Germany	8½	02/20/01	112.6200	7.5500
51 Treuhand	6⅝	07/09/03	107.7200	6.1500
52 Germany	8¼	09/20/01	113.0400	7.3000
55 Germany	4¾	11/20/01	100.6842	4.7200
56 Germany	6	06/20/16	98.4000	6.1000
57 Germany	5¼	02/21/01	102.4300	5.1300
61 Germany	5⅛	11/21/00	102.1400	5.0200
63 Germany	6¾	04/22/03	108.4000	6.2300
65 Germany	5⅞	05/15/00	104.2482	5.6400
67 Germany	3½	12/18/98	99.7300	3.5100
68 Germany	6¾	07/15/04	108.4900	6.2200
69 Germany	6	09/15/03	104.9725	5.7200
71 Treuhand	6⅞	06/11/03	108.8557	6.3200
72 Treuhand	6¾	05/13/04	108.3433	6.2300
74 Treuhand	6⅝	07/01/99	104.2700	6.1100
75 Germany	6¾	09/15/99	105.4600	6.4000
76 Germany	9	01/22/01	114.0200	7.8900
77 Germany	8⅛	05/21/01	112.8700	7.4200
78 Treuhand	6¼	03/04/04	106.0094	5.9000
84 Germany	7⅛	12/20/02	110.0669	6.4700
85 Germany	6⅛	05/20/99	103.9421	5.8900
86 Germany	7½	11/11/04	112.8400	6.6500
88 Germany	8¾	07/20/00	111.8900	7.8200
90 Treuhand	5	12/17/98	101.5850	4.9200
91 Germany	5¾	05/28/99	103.1100	5.5800
93 Germany	8½	08/21/00	111.4200	7.6300
96 Germany	5¾	08/20/98	102.0925	5.6300
100 Treuhand	6	11/12/03	104.6133	5.7400
101 Germany	6⅝	01/20/98	101.2875	6.5400
103 Treuhand	5⅝	09/24/98	102.0700	5.5100
105 Germany	7	12/22/97	101.1800	6.9200
109 Germany	7¼	10/21/02	110.4200	6.5700
112 Germany	zero	07/04/27	14.5000	6.6700
113 Treuhand	7	11/25/99	106.2400	6.5900
117 Treuhand	5	01/14/99	107.6100	4.9200
122 Treuhand	5¾	04/29/99	103.0400	5.5800
127 Germany	6⅞	02/24/99	104.4000	6.5900
142 Germany	6¾	08/14/98	102.6300	6.2100
147 Treuhand	6⅛	06/25/98	102.1250	6.0000
150 Germany	6	02/20/98	101.2500	5.9300
152 Germany	6⅞	12/02/98	103.8400	6.6200
153 Germany	5⅝	02/22/99	102.3123	5.2500
157 Germany	5¼	10/20/98	101.7800	5.1600
159 Treuhand	6¼	07/29/99	104.2300	6.0000
170 Germany	6¼	02/20/98	101.3500	6.1700
174 Germany	7	01/13/00	106.4912	6.5700
180 Cap Credit Card	5⅝	08/15/01	102.8469	5.4700
188 Germany	7¼	10/20/97	100.6000	7.2100
189 Germany	6¼	05/20/98	102.1000	6.2400
190 Germany Tbills	zero	01/16/98	98.7731	3.0900
194 Germany SP	zero	01/04/24	18.1000	6.6900
206 Germany	8¼	05/22/00	111.4000	7.8500
211 Russia	9	03/25/04	104.5000	8.6100
219 Italy	5⅛	07/10/07	99.8500	5.7600
230 Germany FRN	2.871	09/30/04	99.1600	2.8900
232 Germany	6⅛	01/20/98	101.2000	6.3000
238 Germany	6¾	06/21/99	105.1852	6.4200
240 Spain	7	01/05/00	106.1000	6.6000
248 Germany	7⅛	12/20/99	106.5720	6.6900

Dutch Guilder

Rnk Name	Cpn	Maturity	Price	Yield
32 Netherlands	6¼	07/15/98	102.1600	6.1200
53 Netherlands	5¾	02/15/07	101.4500	5.6700
87 Netherlands	7½	06/15/99	105.8500	7.0900
92 Netherlands	8¼	06/15/02	114.4000	7.2100
106 Netherlands	7½	01/15/23	115.6000	6.4900
121 Netherlands	9	01/15/01	113.7500	7.9100
126 Netherlands	6	01/15/06	103.6000	5.7900
131 Netherlands	8½	03/15/01	112.6500	7.5500
132 Netherlands	5¾	09/15/02	103.7500	5.5400
136 Netherlands	8½	06/01/06	120.7000	7.0400
139 Netherlands	6½	07/15/98	102.3000	6.3500
140 Netherlands	zero	09/30/97	99.6317	3.1800
141 Netherlands	6¾	10/01/98	103.0500	6.5500
165 Netherlands	5¾	01/15/04	103.3000	5.5700
177 Netherlands	6½	04/15/03	107.2500	6.0600
186 Netherlands	7½	04/15/10	115.3000	6.5000
196 Netherlands	7	06/15/05	110.2000	6.3500
200 Netherlands	zero	01/15/23	19.0500	6.7400
214 Netherlands	8¼	02/15/02	113.7500	7.2500
222 Netherlands	6¾	02/15/99	103.8500	6.5000
226 Netherlands	zero	10/31/97	99.3475	3.3300
239 Netherlands	8¼	02/15/07	119.5500	6.9000
244 Netherlands	7	03/15/99	104.4500	6.7000
245 Netherlands	7¼	01/15/00	107.8000	7.1900

ECU

Rnk Name	Cpn	Maturity	Price	Yield
95 France OAT	5½	04/25/07	97.3000	5.6500
116 France OAT	7	04/25/06	108.2500	6.4700
129 France OAT	6	04/25/04	103.2000	5.8100
161 France OAT	9½	04/25/00	111.2100	8.5400
167 France BTAN	5	03/16/99	100.7700	4.9600
181 France B.T.A.N.	4½	07/12/02	97.4100	4.6200
208 Britain	4	01/28/00	98.4600	4.0600
209 France B.T.A.N.	6	03/16/01	103.7700	5.7800
237 Spain	6	01/31/08	99.7693	6.0100
242 France OAT	7½	04/25/05	111.7000	6.7100

French Franc

Rnk Name	Cpn	Maturity	Price	Yield
164 France BTAN	4¾	04/12/99	101.3800	4.6900
169 France OAT	8½	11/25/02	117.0200	7.2600

Japanese Yen

Rnk Name	Cpn	Maturity	Price	Yield
149 Japan Dev Bk	6½	09/20/01	120.5000	5.3900
160 NTT	2½	07/25/07	101.1250	2.4700
176 Exim Bk Japan	2⅞	07/28/05	105.7500	2.7200
202 World Bank	5¼	03/20/02	117.1474	4.4800
203 World Bank	4¾	12/20/04	119.3750	3.9800
213 World Bank	4½	03/20/03	115.1250	3.9100
233 CBA FRN		09/19/07	108.9500	
234 Soc Gen FRN		09/19/07	108.9500	
241 Italy Class B	5	12/15/04	119.1250	4.2000

South African Rand

Rnk Name	Cpn	Maturity	Price	Yield
54 Eskom	zero	08/18/27	2.6117	12.9100

Spanish Peseta

Rnk Name	Cpn	Maturity	Price	Yield
138 Spain	7.90	02/28/02	109.2093	7.2300
193 Spain	7.35	03/31/07	107.6892	6.8300

Swedish Krona

Rnk Name	Cpn	Maturity	Price	Yield
114 Sweden 1036	10¼	05/05/00	111.9840	9.1500
123 Sweden	11	01/21/99	108.0880	10.1800
156 Sweden 1037	8	08/15/07	110.8290	7.2200

U.S. Dollar

Rnk Name	Cpn	Maturity	Price	Yield
4 Brazil Cap S.L	4½	04/15/14	94.4498	4.7600
6 Argentina par L	5½	03/31/23	74.3230	7.4000
13 Mexico	11½	05/15/26	121.4947	9.4700
15 Brazil	10⅛	05/15/27	99.5007	10.1800
19 Argentina	11¾	01/30/17	118.2344	9.6200
20 Argentina FRN	6¾	03/29/05	89.3888	7.5500
28 Brazil L FRN	6⅞	04/15/06	92.1591	7.4600
33 Brazil par ZI	5¼	04/15/24	70.7500	7.4200
39 Venezuela FRN	6¾	12/18/07	93.5400	7.2200
47 Venezuela par A	6¾	03/31/20	82.4021	8.1900
58 Brazil S.ZI FRN	6⅞	04/15/24	86.1900	7.9800
59 Venezuela par B	6¾	03/31/20	82.4375	8.1900
60 Mexico	6¼	12/31/19	81.1793	7.7000
62 Russia	10	06/26/07	103.6845	9.6400
64 Brazil FRN	6 9/16	01/01/01	99.1543	6.8700
70 Argentina FRN	6¾	03/31/23	90.4520	7.6000
73 Brazil S.L FRN	6 9/16	04/15/12	83.2500	8.3300
79 Mexico	6¼	12/31/19	81.1875	7.7000
80 Mexico	9⅞	01/15/07	107.0000	9.2300
81 Brazil	6	09/15/13	79.5000	7.5500
82 Brazil S.L FRN	6 9/16	04/15/09	88.7483	7.8200
89 Bulgaria FRN	6 9/16	07/28/11	77.4500	8.6300
94 Mexico	11⅜	09/15/16	118.6164	9.5900
97 Mexico B FRN	6.836	12/31/19	97.0067	7.0400
98 Ecuador par	3½	02/28/25	53.6667	6.5200
99 Bulgaria FRN	6 9/16	07/28/24	77.9140	8.5800
104 ING Bank	zero	08/14/98	99.5000	0.5100
108 CIBC FRN	6.10	08/14/12	100.1300	6.0900
110 Italy	6⅞	09/27/23	97.3750	7.0600
115 Russia	9¼	11/27/01	102.6250	9.0100
118 Mexico D FRN	6 9/16	12/28/19	95.0066	7.1700
119 Ecuador FRN	3¼	02/28/15	72.8860	4.4600
120 Canada	6⅛	07/15/02	99.9255	6.1300
125 Bulgaria	2¼	07/28/12	61.5510	3.6600
128 Fin Danish Ind	6¾	06/13/01	100.8750	6.6900
130 Poland FRN	6 9/16	10/27/24	98.0800	7.0700
134 Mexico par A	6¼	12/31/19	81.1875	7.7000
135 Argentina	8⅜	12/20/03	101.2500	8.2700
137 Mexico C FRN	6.82	12/31/19	94.7500	7.2000
143 Belgium	6	05/25/99	100.0000	6.0000
145 Kellogg	6⅛	08/06/01	99.8547	6.1300
146 Peru Pdi	4	03/07/17	66.5617	6.0100
148 Mexico A FRN	6.867	12/31/19	94.8843	7.2400
151 Mexico par B	6¼	12/31/19	81.1793	7.7000
154 EIB	7⅛	09/18/06	104.0030	6.8500
155 Santander FRN	5¾	08/14/02	99.8786	5.7600
158 Peru	3¾	03/07/17	60.2300	5.4000
162 Canada	6¾	08/28/06	101.7545	6.6300
163 Mexico FRN	7.055	06/27/02	100.1900	7.0400
166 Commerz FRN	5.594	01/29/01	99.5800	5.6200
168 Christiana Bk fm	5¾	07/18/00	99.7800	5.7600
171 Toyota Motor	6¼	07/22/02	99.6250	6.2700
172 Mydfa FRN	6 9/16	09/09/07	88.2967	7.4300
173 Brazil S.L FRN	6 15/16	04/15/12	83.8171	8.2800
175 Poland Inter	4	10/27/14	86.0260	4.6500
178 Ecuador FRN	6 7/16	02/28/25	78.7500	8.1700
182 Sweden	zero	09/04/97	99.7714	5.0400
183 Argentina	11	10/09/06	114.9616	9.5700
184 Britain FRN	5.531	10/04/01	99.9600	5.5300
185 Fst Nat Bk Chic	7	05/08/00	101.5000	6.9000
191 Nigeria	6¼	11/15/20	71.8010	8.7000
195 Amex Credit	6½	08/12/02	99.5410	6.5300
197 IMI Bk Intl FRN	5 11/16	08/05/02	99.7600	5.7000
199 Bco Com Ext.	7¼	02/02/04	94.0000	7.7100
204 Argentina FRN	5.711	04/01/01	129.9000	4.3900
210 St Chartered fm	6.15	12/31/99	87.6300	7.0200
212 Siberian Oil fm	9¾	08/15/00	100.0000	9.7500
215 Philippines Fix	8¾	10/07/16	100.9445	8.6700
216 World Bank	6⅝	08/21/06	105.0690	6.3100
217 Argentina	10.95	11/01/99	108.7500	10.0700
220 SEK	6.01	06/19/00	99.3750	6.0500
221 Argentina	8¾	05/09/02	101.6076	8.6100
225 Paribas FRN	5⅞	07/09/02	99.9500	5.8800
227 Beta Fin	6¾	04/28/00	101.2500	6.6700
228 BNG	6⅝	07/08/02	100.2500	6.3600
229 Panama	3¾	07/17/14	77.6667	4.8300
235 CanadaFRN	5½	02/10/99	99.8200	5.5100
236 Brazil Cbond S.L	4½	04/15/14	94.8458	4.7400
243 BT Secs FRN	5.781	08/06/00	99.8000	5.7900
246 Panama FRN	4	07/17/16	87.7500	4.5600
249 VenezuelaFRN	6 9/16	03/31/20	89.9400	7.5700
250 TMCC	7	06/11/07	102.3313	6.8400

New Supply Casts a Shadow on Bonds

Bridge News

NEW YORK — Prices of U.S. Treasury bonds and notes are likely to continue to head lower this week, pressured by extra supply from the government's sale of two- and five-year notes.

The Treasury will sell $15.5 billion of two-year notes Tuesday and $11.5 billion of five-year notes Wednesday, and dealers, faced with a limited market for the new securities, will probably try to keep prices down and yields up through the course of the auctions.

On Friday, the benchmark 30-year Treasury bond's yield rose to 6.66, up from 6.54 percent a week earlier.

Recent data suggesting a pick-up in economic activity could also weigh on the market, analysts said.

The negative data last week included a narrowing in the June trade gap that left economists revising upward their second-quarter gross domestic product figures. Analysts now expect the revised

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second-quarter figures, set for release Thursday, to show growth of 3.3 percent, up from the 2.2 percent gain reported originally, and some economists forecast gains of 4.2 percent.

Christopher Probyn, senior economist at UBS Securities, said the market was "waking up to the notion that there really wasn't much of a pause in the spring and we are set for some solid growth in the second half of the year."

Other data scheduled for release this week include July durable goods orders on Tuesday and the Chicago purchasing managers' August survey on Friday.

The market expects July durables to show little change after the 2.4 percent increase for June, and most analysts look for little change in the Chicago purchasers report, which posted a 60.6 percent reading in July.

Mr. Probyn is looking for a small rise in the Chicago purchasers' index, to 61.2 percent, and said that next week's numbers "have a bigger potential to scare the market than they do to bolster it."

The other news that troubled traders last week was the settlement of the strike at United Parcel Service of America Inc. With the Teamsters prevailing on many points, the settlement reawakened worries that tight labor market conditions could breed wage inflation.

While Thinking Small, Think Cheap

By Anne Tergsen
New York Times Service

NEW YORK — If the stocks of small U.S. companies are finally waking up, as some analysts said during Wall Street's recent storminess, it may be a good time to remember — not all stocks are alike.

There are growth stocks and there are value stocks in the small-capitalization world, and the common belief that small caps have been doing poorly must be revised when this distinction is made.

The growth stocks — those with above-average earnings prospects — had total annual returns of just under 12 percent this year through Thursday. But the return on the value stocks — those that are inexpensive relative to the company's earnings — was 19.8 percent.

"Value is having a phenomenal year," said Claudia Mott, director of small-cap research at Prudential Securities.

Such starkly differing results between the two sets of stocks — measured by looking at the growth and value components of the Russell 2000, the benchmark small-cap index — are hardly unusual.

Last year, for example, the value small caps had a total return of 21.4 percent, nearly as much as the 22.9 percent return of the Standard & Poor's 500-stock index. In the same period, the growth stocks had a tepid gain of 11 percent. But in 1995, the growth stocks outperformed the value stocks, 31 percent to 25.8 percent.

The pace of the economy and many other factors determine which type of small cap excels. But generally, value stocks outdo the growth variety when the total small-cap market is cool, and growth beats value in a hot market.

Thus, in the cool small-cap market of 1993, value small caps had returns that were nearly double those of the growth types. But in the hot market of 1991, growth stocks outpaced value stocks by about 10 percentage points.

With value stocks ascendant these days, what are some favorites of the

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managers who run successful small-cap value funds?

William Nasgovitz, who manages the Heartland Value Plus fund, likes Continental Homes Holding Corp. of Scottsdale, Arizona, which builds homes in the South and West.

"We are making a bet here on interest rates," said Mr. Nasgovitz, whose fund has risen 36.9 percent over the last 12 months. "Our call is that rates are going lower," which would spur home buying.

But in case he is wrong about lower rates, Mr. Nasgovitz has a safety net. At $22.1875, Continental's stock is cheap, he said. While the stocks of home builders generally trade at an average of 10 times earnings, Continental's sells for a multiple of just 5.2, meaning that the stock will have to rise about 90 percent just to catch up to the industry average. The stock also trades at slightly below its book value of $23 a share.

Quanex, a Houston steel and aluminum mini-mill that makes, among other things, air-bag canisters, is another good bet, said Frank Reichel, whose Stratton Small-Cap Yield fund has gained about 43 percent in the last 12 months.

With government mandates requiring that both front seats be equipped with air bags by the 1998 model year, and with many new cars now featuring back-seat and side bags as well, Quanex's canister business should grow by 50 percent over the next three years, he estimated.

Quanex stock is also cheap, Mr. Reichel said. At $31.75, it trades at 13.5 times its earnings per share, compared with an average multiple of 24.9 for the Russell 2000 at the end of July. And the company, which has annual sales of $896 million, is paring its debt and expanding market share.

All told, the stock may rise to $45 within 12 months, Mr. Reichel said, although he added that if aluminum prices rose, Quanex's fat profit margins might be reduced.

Both Mr. Reichel and Mr. Nasgovitz look for bargain-price stocks that pay dividends. Gary Haubold, who has steered the PBHG Small Cap Value fund to a just under 21 percent return since its start in May 1997, is a value investor who, on occasion, also buys growth stocks.

He says a great value stock is a cement maker, Lone Star Industries of Stamford, Connecticut.

Lone Star stock is trading at $52.25, or about 10.2 times its estimated earnings per share next year. While that is consistent with companies that have "mediocre growth prospects," Mr. Haubold said the outlook for cement is positive.

New International Bond Issues

Compiled by Laurence Desvilettes

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Floating Rate Notes						
Depfa Bank Europe	$400	1999	libor	100.055	—	Interest will be the 3-month Libor. Noncallable. Fees 0.10%. (Commerzbank.)
Sakura Capital Funding	$600	perpt	0.90	100.00	—	Interest will be 0.90 over 3-month Libor until 2002, when issue is callable at par, thereafter 2.40 after. Fees 0.75%. Denominations $10,000. (Merrill Lynch Intl.)
Den norske Bank	DM1,000	2000	libor	99.97	—	Interest will be the 3-month Libor. Noncallable. Fees 0.15%. (UBS.)
Colisee Nbr 1	FF635.5	2002	—	100.00	—	Issue split into 3 tranches, paying 0.45 to 1.00 over 3-month Pibor. Noncallable. Fees 0.35 to 1%. (UBS.)
Mardon Underwriting Nbr 1	Y65,000	2004	0.10	100.00	—	Below 3-month Libor. Private placement callable at par from 1999. Fees not disclosed. Denominations 100 million yen. (Sanwa Intl.)
Fixed-Coupons						
Cregem Finance	$100	2001	6¼	101.52	99.75	Reoffered at 100.12. Noncallable. Fees 1⅞%. (Banque Intle a Luxembourg.)
Denmark	$500	2004	6½	100.667	98.55	Reoffered at 99.092. Noncallable. Fees 1⅝%. (HSBC Markets.)
Mendoza Province	$250	2007	10	99.317	—	Noncallable. Fees 1%. (CSFB.)
Tricom	$200	2004	11⅜	100.00	—	Semiannually. Private placement callable at 105.688 in 2001. Fees 3%. (Bear Stearns Intl.)
DSL Finance	FF2,000	2009	5¾	101.133	99.10	Reoffered at 99.483. Noncallable. Fees 2%. (Credit Agricole.)
Union Bank of Norway	DM250	2004	5⅜	101.97	99.15	Reoffered at 99.57. Noncallable. Fees 2¼%. (Bayerische Landesbank.)
Bayerische Vereinsbank	ECU50	2003	5⅛	101.385	—	Reoffered at 99.835. Noncallable. Fees 1⅝%. (Morgan Stanley Intl.)
Fannie Mae	Aus$1,000	2000	5¾	99.986	99.70	Semiannually. Noncallable. Fees 0.15%. (Merrill Lynch Intl.)
Equity-Linked						
Koram Bank	$100	2007	0.25	100.00	—	Redeemable at 137.74 in 2002. Convertible at 13,417 won per share, a 13% premium, and at 894.60 won per dollar. Fees not available. (UBS.)

The Week Ahead: World Economic Calendar, Aug. 25-29

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News.

	Asia-Pacific	Europe	Americas
Expected This Week	**Gold Coast, Australia:** National Stockbrokers Conference. Friday to Sunday.	**Berlin:** Internationale Funkaustellung International Media Fair. Participants include Deutsche Telekom, Grundig, Mannesmann Mobilfunk and AOL Bertelsmann Online. Thursday to Sept. 7.	**New York:** New York Society of Security Analysts sponsor the annual "FIM-National Financial Investment Management Forum." Participants include William Donaldson, president of the New York Stock Exchange. Wednesday and Thursday.
Monday Aug. 25	**Hong Kong:** Government announces retail sales for June. **Kuala Lumpur:** Padiberas Nasional Bhd. shares begin trading. **Taipei:** Ministry of Finance auctions 38.04 million shares of Chiao Tung Bank.	**Paris:** Final consumer price index for July. **Wiesbaden, Germany:** Federal Statistics Office to publish preliminary report on West German consumer prices in August.	**Mexico City:** Mexico's statistical institute releases second-quarter gross domestic product in nominal prices. **Washington:** National Association of Realtors releases home resales for July.
Tuesday Aug. 26	**Hong Kong:** Land Department holds government land auction. **Seoul:** Dainong Group's creditor banks hold meeting to discuss whether to help keep it afloat; Business leaders and New Korea Party discuss policies on conglomerates.	**Copenhagen:** Denmark's government publishes draft budget bill for 1998. **Earnings expected:** Brau-Union, Oesterreichische Brau-Beteiligungs, Alusuisse-Lonza Holding, Deutsche Lufthansa, Silkeborg, Jyske Bank.	**Lima:** Peru government to sell state-owned power plants Egasa and Egesur. **New York:** Conference Board releases consumer confidence index for August; Commerce Department reports July durable goods orders.
Wednesday Aug. 27	**Earnings expected:** Siam Cement, GUD Holdings, Pasminco, Newcrest Mining, Tyndall Australia, Goldfields.	**Frankfurt:** International Business Journalists Forum of Frankfurt holds meeting. Speakers include Bundesbank President Hans Tietmeyer. **Earnings expected:** W.H. Smith, Royal Bols Wessanen, Hagemeyer, Credit Suisse Group, Tryg-Baltica.	**Mexico City:** Mexico's statistical institute release June's maquiladora industry output. **Earnings expected:** Companhia Cervejaria Brahma, Royal Bank of Canada.
Thursday Aug. 28	**Taipei:** Government announces new cabinet. **Bangkok:** Bank of Thailand announces monthly trade, investment and money-market figures. **Hong Kong:** External trade figures for July.	**Bonn:** Prime Minister Lionel Jospin of France meets with Chancellor Helmut Kohl of Germany. **Voorburg, the Netherlands:** Preliminary second-quarter GDP. June consumer spending and August consumer-confidence figures.	**Lima:** Peru to sell state-owned power distributor Electro Centro. **Washington:** Commerce Department reports second estimate of economic growth for the second quarter.
Friday Aug. 29	**Hong Kong:** Government releases half-year economic report and second update of 1997 GDP and price forecasts. **Taipei:** Acer Inc. holds board meeting and may announce earnings for the six months ended in June.	**Paris:** Industrial production index for June; wage figures for July. **Earnings expected:** Royal PTT Nederland, Tele Danmark, Telefonica de Espana.	**Ann Arbor, Michigan:** University of Michigan is scheduled to release index of consumer sentiment for August. **Ottawa:** Second-quarter GDP, second-quarter current-account balance and June GDP reports.

Last Week's Markets

Stock Indexes

United States	Aug. 22	Aug. 15	% Ch'ge
DJ Indus.	7,887.91	7,694.66	+2.51
DJ Util.	231.35	225.51	+1.24
DJ Trans.	2,937.02	2,864.96	+2.52
S & P 100	896.93	869.36	+3.17
S & P 500	923.55	900.81	+2.52
S & P Ind	1,086.94	1,058.40	+2.70
NYSE Cp	478.93	469.10	+2.10
Nasdaq Cp	1,598.69	1,562.02	+2.35
Japan			
Nikkei 225	18,650.17	19,326.03	−3.50
Britain			
FTSE 100	4,901.10	4,865.80	+0.73
Canada			
TSE Indus.	6,709.80	6,696.00	+0.21
France			
CAC 40	2,904.23	2,921.84	−0.60
Germany			
DAX	4,086.01	4,152.86	−1.61
Hong Kong			
Hang Seng	15,429.75	16,906.88	−8.74
World			
MSCIP	950.91	951.16	−0.03

World index from Morgan Stanley Capital Intl Perspective

Money Rates

United States	Aug. 22	Aug. 15
Discount rate	5.00	5.00
Prime rate	8½	8½
Federal funds rate	5 7/16	5½
Japan		
Discount	0.50	0.50
Call money	0.44	0.41
3-month interbank	0.53	0.60
Britain		
Bank base rate	7.00	7.00
Call money	7¼	7⅛
3-month interbank	7 5/16	7¼
France		
Intervention rate	3.10	3.10
Call money	3⅛	3⅛
3-month interbank	3¼	3⅛
Germany		
Lombard	4.50	4.50
Call money	3.15	3.10
3-month interbank	3.28	3.28

Gold	Aug. 22	Aug. 15	% Ch'ge
London p.m. fix $	324.00	324.65	−0.20

Euromarts

Eurobond Yields

	Aug. 22	Aug. 15	Yr high	Yr low
U.S. $, long term	6.53	n.a.	7.09	6.48
U.S. $, midm term	6.21	—	6.84	6.09
U.S. $, short term	6.18	—	6.51	5.96
Pounds sterling	7.42	—	7.75	7.09
French francs	4.88	—	5.05	4.66
Italian lire	6.43	—	7.79	6.20
Danish kroner	5.56	—	5.93	5.26
Swedish kronor	5.32	—	5.61	4.82
ECUs, long term	6.07	—	6.42	5.76
ECUs, midm term	5.33	—	5.53	4.76
Can. $	5.89	—	6.51	5.68
Aus. $	6.42	—	7.86	6.14
N.Z. $	7.66	—	8.37	6.96
Yen	1.64	—	2.15	1.64

Source: Luxembourg stock exchange

Weekly Sales

Aug. 22

Primary Market

	Cedel Bk $	Cedel Bk Non$	Euroclear $	Euroclear Non$
Straights	184.4	133.6	1,050.2	2,213.7
Convert.	—	0.7	3.3	55.6
FRNs	410.6	1,173.6	400.5	192.5
ECP	9,170.2	8,596.2	10,514.8	10,899.2
Total	9,765.2	9,904.1	11,968.8	13,360.9

Secondary Market

	Cedel Bk $	Cedel Bk Non$	Euroclear $	Euroclear Non$
Straights	25,094.7	14,743.7	105,356.6	26,502.4
Convert.	2,329.3	608.7	3,341.7	2,128.1
FRNs	29,922.8	6,720.7	45,954.0	5,104.1
ECP	16,117.6	16,852.0	24,266.7	24,613.9
Total	73,464.4	38,925.1	178,919.0	58,348.5

Source: Euroclear, Cedel Bank.

Libor Rates

	1-month	3-month	6-month
U.S. $	5⅝	5 11/16	5 13/16
Deutsche mark	3 1/16	3⅛	3¼
Pound sterling	7⅛	7 5/16	7½
French franc	3⅛	3¼	3⅜
ECU	4¼	4 5/16	4⅜
Yen	9/16	9/16	½

Sources: Lloyds Bank, Reuters

Kia Directors Resign En Masse in Attempt To Placate Creditors

Agence France-Presse

SEOUL — The ailing South Korean automaker Kia Group carried out a sweeping reduction in management Sunday to pave the way for the early implementation of loans by creditor banks that are vital to its survival.

Hang Sung Joon, vice chairman of Kia Motors Corp., and 83 directors of other subsidiaries resigned en masse, a Kia spokesman said.

"It was a courageous decision by directors to save the group," he said.

But the group chairman, Kim Sung Hong, was not affected by Sunday's shuffle, which came ahead of a meeting of top economic officials Monday to discuss a rescue package for troubled banks and corporations, the spokesman said.

Creditors have refused to extend lifeline loans to Kia, the country's eight-largest conglomerate, until the chairman and other top directors resign.

With the resignations Sunday, Kia has lost nearly one third of its 340 directors since banks put the group under a special program to prevent its insolvency.

"The group will struggle hard to slim down through manpower cuts and restructuring," the spokesman said. But he added the group's staff would remain firmly united around Mr. Kim.

The prolonged tug-of-war between Mr. Kim and creditors has sent a dozen of Kia's main subcontractors out of business and hundreds of others to the brink of bankruptcy.

■ Seoul Readies Bank Rescue

South Korea's economic czar, Kang Kyong Shik, and his staff rushed Sunday to work out a comprehensive rescue package aimed at stabilizing the country's volatile financial sector, Agence France-Presse reported from Seoul.

Soon after his return from a trip to China on Sunday, Mr. Kang, head of the powerful finance and economy ministry, held a staff conference to discuss the package, which will be announced on Monday, Yonhap News Agency said.

Ministry officials said earlier the package would contain government steps to shore up the international credit standings of South Korean financial institutions.

The chiefs of South Korea's 30 investment banks urged the government to extend financial aid at an emergency meeting that was held last week. They issued warnings that they were close to bankruptcy because of serious liquidity shortages.

The financial crunch has been created by a series of corporate insolvencies that left many banking institutions, including the Korea First Bank, exposed to huge amounts of bad loans.

Taiwan Clings to Old Label

Officials Reject Economy's Promotion to 'Advanced'

Reuters

TAIPEI — Despite their country's status as the world's third-largest producer of computer goods and holder of the third-biggest foreign exchange reserves, officials of Taiwan are cautiously rejecting the label of "advanced" economy.

The International Monetary Fund recently reclassified Taiwan, Singapore, South Korea, Israel and Hong Kong into a new enlarged grouping of industrialized nations called "advanced economies."

After Singapore swiftly said it was not qualified, analysts and officials in Taiwan also said it was not ready.

"We are still not a developed country, either in terms of per capita gross national product or levels of liberalization or internationalization," Economics Minister Wang Chih-kang said in a recent interview.

Joining the rank of developed economies would mean losing some privileges and shouldering more international obligations, analysts said.

"Taiwan, like Singapore, probably would not want to be billed as a developed economy," said senior economist Wu Hui-lin of the Chunghua Institution for Economic Research, an independent consulting group. "Once you are in the rank, you have to bear more international responsibility and can no longer enjoy some preferential treatment."

Taiwan's per-capita gross national product, a standard measure of the value of goods produced by a country, stood at $12,396 in 1995, compared with the United States' $27,551, Singapore's $28,666, and Japan's $37,048.

Taiwan's 1996 per-capita GNP was $12,872 in 1996, and was expected to rise slightly in 1997, officials said.

Mr. Wang said that in three years, Taiwan should achieve a per-capita GNP of $19,000 in 2000, a level that is more deserving of an industrialized label.

"We hope to become a developed country in the year 2000," he said.

Officials say Taiwan's annual gross domestic product, another measure of output, is at the level of growth associated with developing economies. Its 1997 GDP is projected at just over 6 percent.

Advanced economies have a relatively small GDP growth rate — on average 2.3 percent in 1996.

But some economists argue that Taiwan's output puts it in a higher category.

The island's information industry production — including computer hardware, software and peripherals — was $24.17 billion in 1996, up 28.1 percent from a year earlier and trailing only United States and Japan.

Despite its achievements, Taiwan still has a lot of catching up to do, Mr. Wu said.

"Taiwan lags far behind in living quality, people's attitude toward each other, democratic recognition and self-discipline," he said.

The level of market liberalization should also be taken into consideration, analysts said.

Taiwan has started to make its markets more free in the past few years in a bid to enter the World Trade Organization.

"If Taiwan enters the WTO, you may then say it has started to step into the 'developed economy' ring," Mr. Wu said.

CCT Telecom Sets Stock Sale To Its Holders

Bloomberg News

HONG KONG — CCT Telecom Holdings Ltd., a Hong Kong company that makes telephone equipment, said Sunday that it planned to raise 2 billion Hong Kong dollars ($258 million) selling new stock to its shareholders to expand sales in China and make mobile phones.

The transaction, which will raise CCT's market value by one-third, could send its stock soaring Monday, analysts said. News about similar plans by other companies to expand in China, such as Hong Kong Telecommunications Ltd., have sent stock prices up.

Investors are being offered the stock at just over a third of its market price. The sale will double the number of shares outstanding in CCT Telecom.

The company plans to sell at least 2,005,510,000 new shares for 1 dollar each, giving investors the right to buy one new one for every one they own now, it said in a news release.

In doing so, it is taking advantage of a rise in its stock price to 2.85 dollars a share by the end of last week from 80 Hong Kong cents a month ago.

CCT did not say when the sale would take place or when investors would have to buy existing stock to apply for the new stock.

Murdoch's JSkyB Set to Join Rival

Bloomberg News

TOKYO — Japan Sky Broadcasting Co., Rupert Murdoch's fledgling Japanese satellite venture, will join forces with its rival, PerfecTV, in the battle to hook up Japan's 50 million households to multichannel broadcasts, a JSkyB executive said Sunday.

The tie-up between JSkyB and PerfecTV will boost their position against a third multichannel competitor, DirecTV Japan Inc., the JSkyB executive said. At this stage, however, he ruled out a merger.

The pact will mean viewers could use a single receiver, antenna, and integrated circuit card containing subscribers' contract information to receive a total of 250 channels from both broadcasters.

"By using the same platform, we can save on infrastructure costs, put more money into the content of our service, and lower fees to viewers," said the JSkyB executive, who asked not to be named.

JSkyB, slated to begin a 150-channel service in April, will be the last of the three to start broadcasting in Japan.

The venture is owned by four main partners — Mr. Murdoch's News Corp., Sony Corp., Fuji Television Network Inc. and Softbank Corp., a publishing and software producer. A spokesman for Fuji TV, who asked not to be identified, also confirmed the tie-up.

Dresdner Seeks to Buy U.S. Bank

Bloomberg News

FRANKFURT — Dresdner Bank AG, Germany's second-biggest bank, confirmed that it is looking to acquire a Wall Street investment bank to revive its flagging securities business following weeks of speculation about such a bid.

"We would like a bank based in New York with a regional character," a Dresdner spokesman, Lothar Gries, said Saturday. "The problem is the banks that we are interested in at the moment are not for sale."

Mr. Gries said that Dresdner was unlikely to succeed in its quest in the next month, in part because the capital increase slated to expand its available resources has not yet flowed into the bank's coffers.

"There are no concrete plans and no concrete negotiations at present," Mr. Gries said. "We want to strengthen our presence in the U.S. and we're keeping our eyes open." Dresdner joins a list of banks that want to own U.S. brokers.

The two most likely takeover candidates for Dresdner are Bear Stearns & Co. and Lehman Brothers Inc., the daily Frankfurter Allgemeine Zeitung reported.

SHORT COVER

Meyer Issues Warning Over EMU

FRANKFURT (Bridge News) — The Swiss National Bank president, Hans Meyer, has said that European Monetary Union could lead to foreign exchange market turbulence if the "stability environment" is not right.

In a summary of remarks made in an interview with a regional German radio program, Mr. Meyer added that EMU is "not mandatory. It is — if you wish — nice to have, but you don't need to have it."

"Stable currency relations between the most important countries" must be the primary goal. Thus, a common European currency was not decisive, Mr. Meyer said. It was highly unlikely that Switzerland would give up its currency to join EMU, he added.

Nickel Miners Vote on New Contract

SUDBURY, Ontario (Bloomberg) — Falconbridge Ltd. and its 1,450 nickel miners in Sudbury have reached a tentative agreement to end a strike that has closed the mine for three weeks.

Details of the agreement were not released.

Workers from the local union were voting on the contract Sunday.

The mine workers were expected to return to work Monday if the agreement is ratified, the union said. The strike started on Aug. 1.

Opel Plans Luxury Car by 2000

BONN (Reuters) — Adam Opel AG, the German unit of U.S. carmaker General Motors, plans to enter the luxury car market by 2000 and compete with the current leaders of the premium car market, BMW and Daimler-Benz.

Opel's management board member, Peter Hanenberger, said, "We are looking at all kinds of options — six and eight cylinder aggregates with a three-liter capacity, both gasoline and diesel engines."

Opel plans to improve its product offering with better fitting and superior technology, Mr. Hanenberger, who is responsible for technology on the Opel board, said, adding that Opel intended to offer a total range of "niche products from sporty to elegant."

Israel Chemicals Says Net Up 23%

TEL AVIV (Bloomberg) — Israel Chemicals Ltd. reported that second-quarter net income jumped 23 percent as it sold more products with wider profit margins.

Second-quarter net reached $30.6 million, or 2.5 cents a share, from $24.8 million, or 2.1 cents, in the year-earlier period. Sales climbed 3.7 percent to $428.2 million from $413.1 million.

The improvement stemmed from sales of more profitable products and "the results of a streamlining that the company undertook," Chief Executive Igal Diamant said in a statement.

It's No Lie: Apples to Sell Video

LOS ANGELES (Bloomberg) — Seagram Co.'s Universal Studios Home Video said it will put stickers on 12 million apples in New York and Los Angeles to promote the video release of its movie "Liar, Liar," starring Jim Carrey.

A sticker, with a rendering of the box the movie will be sold in, will be applied on Granny Smith, Gala and Fuji apples as part of the promotion scheduled for Sept. 30, the day the home video is released.

For the Record

Dimension Data Australia Pty. Ltd., a network communications company, has launched a takeover bid for **Datacraft Ltd.**

Israel's unemployment rate rose to 7.6 percent in the second quarter, the highest level since December 1994, the Central Bureau of Statistics said. *(Bloomberg)*

DECADE: *Are There Lessons to Be Learned From the Trajectory of a Bull Market a Decade Ago?*

Continued from Page 11

interest rates in the summer of 1987, even without any explicit action by the Federal Reserve Board.

That reversed what had been an extended period of rate declines that unwound the high interest rates engineered in the early 1980s by the Fed's chairman, Paul Volcker, to squelch rampant inflation.

From January through July 1986, the Fed made three cuts in the discount rate, the rate at which member banks borrow money from the Fed. Long-term rates fell along with the short-term rates, to about 7.5 percent from 10.5 percent a year earlier. As rates came down, so did commodity prices; in July 1986, at the time of the third rate cut, the price of a barrel of crude oil stood at $9.74.

In August 1986, the Fed cut short-term borrowing costs, trimming half a percentage point from the discount rate, to 5.5 percent.

Mr. Angell, the former Fed board member, now says that was a mistake.

"Paul Volcker and I both agreed afterwards that was the one we shouldn't have made," he said. Soon, the prices of precious metals started to rise, followed by the prices of other commodities later in the year.

Those price gains were largely ignored by Fed watchers, who, drawing on their experience of the early 1980s, saw monetary aggregates — M1, M2 and other money-supply statistics — as the most important indicators of economic direction. By the time Federal Reserve policymakers agreed that inflation was picking up again, "we were behind the curve," Mr. Angell said.

Had the Fed bumped rates up closer to 7 percent in the first quarter of 1987, it might have orchestrated a soft landing of the economy and avoided the market turmoil to come, he said. Instead, its inaction was compounded by a surprise move in early June by the Reagan White House: the decision not to reappoint Mr. Volcker as Fed chairman and to name Mr. Greenspan — the former chief economic adviser to President Gerald Ford but mostly an unknown quantity as a monetary policymaker — to the post instead.

Mr. Greenspan took office in mid-August and the Fed finally raised rates Sept. 4, but by then world markets had lost confidence in its resolve. "I think there was a question about the Federal Reserve's credibility," Mr. Angell said. "The 30-year bond would not have been able to rise well above 10 percent without some people making pretty heavy bets that monetary policy would not be able to bring inflation down."

Stock prices had already started to slip further in early October, as the Federal funds rate — the rate banks charge each other for overnight loans — rose a quarter-point and the yield on long-term Treasuries rose above 10 percent for the first time in two years.

Today, the monetary picture could not be more different. Mr. Greenspan, confirmed to a third four-year term last year by an adulatory Senate, reigns as the inflation-slaying idol of the financial markets. While some people worry that he is not keeping the credit reins quite tight enough, most expect him to work them with just the right finesse.

The discount rate is at 5 percent, the same as it was a year ago, while in the same period short-term Treasury bills have hovered at just over 5 percent and 30-year bonds have eased to 6.65 percent from 6.79 percent. And nobody pays attention to M1 or M2 anymore.

"I'm not suggesting that the Federal Reserve is that much smarter today than in 1987," Mr. Angell said. "But I feel confident that the Federal Reserve has a lot of credibility. As a result, there is little likelihood that the Fed will have to raise interest rates a whole bunch or make a whole series of increases."

He expects the federal funds rate, now at 5.5 percent, to end the year at 5.75 percent.

The confusion surrounding U.S. monetary policy in 1987 was not limited to interest rates. Nobody could figure out the federal government's stance toward the dollar.

The dollar's strength, or weakness, exerts a huge influence over the U.S. economy. A strong dollar makes U.S. goods more expensive overseas, and thus tends to widen the country's chronic trade deficit.

A weak dollar, on the other hand, makes imports more expensive, and thus can be inflationary. One of the main tools for modifying the dollar's value is raising or lowering interest rates, which makes dollar-denominated securities more, or less, appealing to investors.

In early 1987, the Reagan administration switched its policy from one favoring a weaker dollar to one that was officially neutral and finally, in mid-April, modified it further with a declaration by Treasury Secretary James Baker that further declines would be "counterproductive."

But it was reluctant to implement the higher interest rates and narrower budget deficits that would make that goal a reality.

Worries about the dollar's continued slide had started to push interest rates higher in mid-March, catching many bond traders and Wall Street firms by surprise. In the second quarter, Wall Street firms lost $1 billion because of higher long-term rates.

Today, in contrast to 1987, the dollar is stable and relatively strong. In the last year, it has risen about 22 percent against the Japanese yen and 26 percent against the Deutsche mark, with the recent budget accord between President Clinton and the Republican Congress providing another bulwark.

Aside from all the confusion emanating from lawmakers and policy gurus 10 years ago, serious economic dislocations were developing at home and abroad.

By late August 1987, oil prices had climbed above $20 a barrel because of uncertainty in the Gulf, where foreign oil tankers were flying U.S. flags and sailing under U.S. escort in an attempt to prevent attacks by forces fighting in the Iran-Iraq war.

Moreover, the trade deficit was still ballooning despite the lower dollar, which was just beginning to help make U.S. goods more competitive in world markets.

The banking system was in serious straits. Congress approved a $10 billion infusion into the beleaguered Federal Savings & Loan Insurance Corp., which insured deposits in savings and loan associations, many of which already were suffering the ill effects of real estate loans gone sour.

But everyone close to the situation knew that the money was grossly inadequate and that the Reagan administration wanted to put off dealing with the problem until after the 1988 election.

Simultaneously, Brazil threatened the big U.S. money-center banks with a refusal to repay its debts.

In the second quarter, the 15 largest U.S. banks added more than $10 billion to their reserves for possible loan losses, the largest such move since the Great Depression.

Today, all those problems have receded into memory. World oil production is rising, and many analysts expect prices to decline from $20 to $21 a barrel to $18 or less in the next few months.

The trade deficit is down substantially as a percentage of gross national product. And the banking system is healthy.

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Consolidated prices for all shares traded during week ended Friday, Aug. 22

Stocks | Div | Yld | Sales 100s | High | Low | Clse | Chge

Continued on Page 15

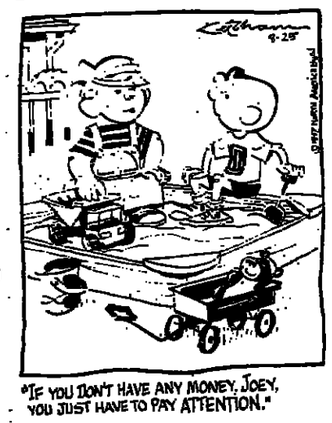
NASDAQ NATIONAL MARKET

Consolidated prices for all shares traded during week ended Friday, August 22

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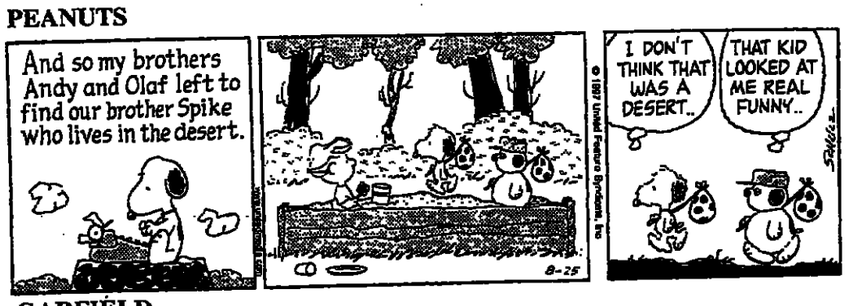


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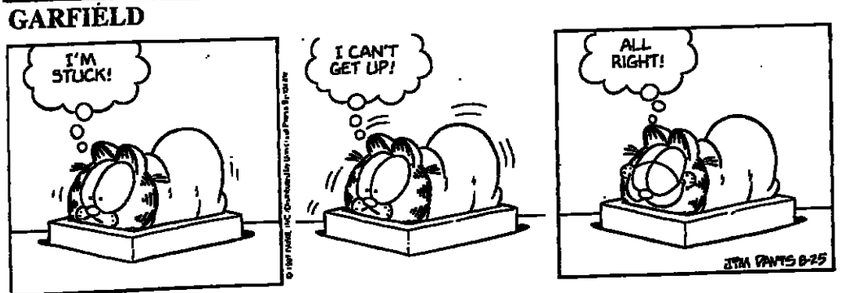


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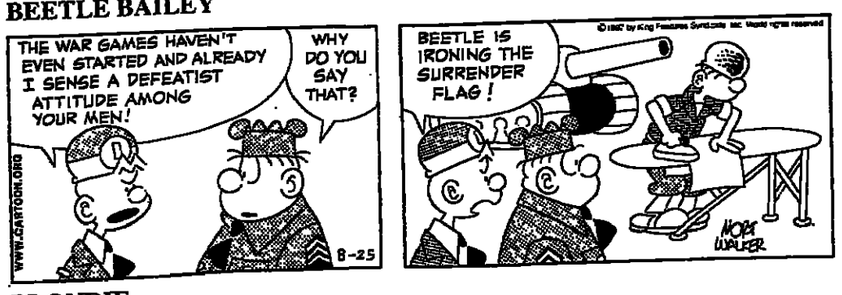
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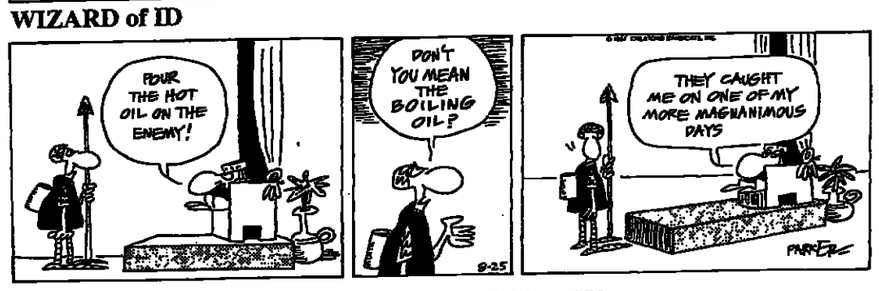


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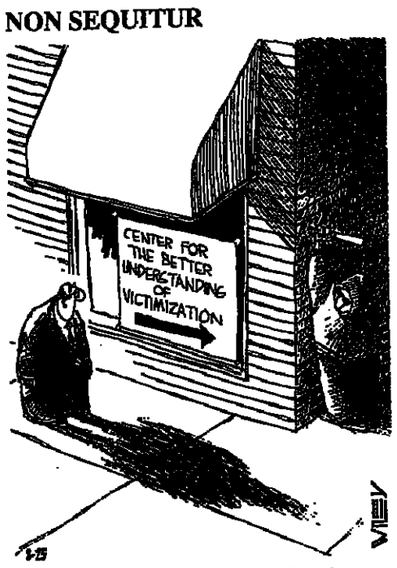
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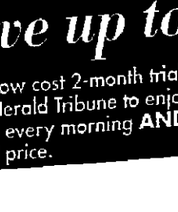
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Vialli Starts for Chelsea And Finishes Barnsley

Reuters

Gianluca Vialli scored four goals Sunday as Chelsea won, 6-0, at Barnsley in England's Premier League.

Vialli was often on the bench last season, but on Sunday, Chelsea coach Ruud Gullit picked the Italian ahead of Mark Hughes and the London team outclassed the newly promoted Yorkshire club to record its best-ever away victory in the top division.

EUROPEAN SOCCER

Barnsley made most of the early running but fell behind in the 25th minute when Dan Petrescu, a Romanian, scored on ball cleared by a weak defensive header.

Gustavo Poyet struck in the 38th minute when he was left unguarded close to the goal. Dave Watson, the Barnsley goalie, parried Poyet's header but he scrambled the loose ball across the line.

A minute before halftime, Petrescu played a pass into the path of Vialli who lashed the ball past Watson. Vialli headed the fourth goal in the 57th minute after Watson had saved the initial shot.

Vialli completed his hat trick eight minutes later, scoring on a neat pass by Dennis Wise. Vialli's fourth came 10 minutes from the end of regulation time when he pounced on a loose ball and blasted a left foot shot into the net.

Another Italian, Paolo Di Canio, scored his first for Sheffield Wednesday in a 1-1 draw Saturday at Wimbledon and a third Italian, Attilio Lombardo, scored his second since joining Crystal Palace as it won, 2-0, at Leeds United.

Martin Dahlin, a Swede, scored late in the match to give Blackburn Rovers, the Premier League leader, a 1-1 draw at home with Liverpool. Michael Owen, 17, had run half the length of the field to give Liverpool the lead.

Arsenal won, 3-1, at Southampton. Marc Overmars scored the first after a tricky run and Dennis Bergkamp struck two dazzling goals in the second half.

Arsenal is even on points with Blackburn as are Manchester United and Leicester, which drew, 0-0, at Leicester.

Newcastle beat Aston Villa, 1-0, in spite of playing for most of the second half without David Batty, who was ejected after a wild tackle on Steve Staunton. John Beresford scored Newcastle's goal with a ferocious shot after 13 minutes. Newcastle has won both its games; Villa has played three and lost them all.

SCOTLAND Marco Negri scored all five points as the Rangers beat Dundee United, 5-1, in the Premier Division.

In the third division, Albion Rovers, who led 1-0 after 56 minutes, had four players ejected in a 20-minute span during the second half against Queens Park and lost, 5-1.

GERMANY Bayern Munich, the reigning champion, climbed to third place in the Bundesliga on Sunday with a 2-0 victory in Hamburg. Mario Basler scored in the 23d minute when the careless Hamburg defense left him open in front of the goal. Alexander Zickler scored the other goal in the 82d minute. Hamburg remains winless this season.

On Saturday, on a high-scoring day in the Bundesliga, newly promoted Kaiserslautern crushed Schalke, the UEFA Cup holder, 3-0, to take a three-point lead over Borussia Dortmund at the top of the league.

Dortmund thrashed Bochum, 5-2. VfB Stuttgart, Hansa Rostock, Karlsruhe and Wolfsburg are all even with Dortmund.

Bayer Leverkusen, last year's runner-up, demolished Karlsruhe, 6-1, to climb to seventh in the standings among 18 teams strong table, one point behind Dortmund. Ulf Kirsten scored twice in the victory.

Borussia Moenchengladbach, without a victory in its first three matches, won, 4-1, at home over Cologne. Cologne had lost to amateurs SSV Ulm in the German Cup the previous weekend and is 14th. Things are worse for Werder Bremen, which stayed at the bottom of the rankings after a 3-0 loss to Arminia Bielefeld. *(AP, Reuters)*



Key Nietfield/Agence France-Presse

Ruggerio Rizzitelli of Bayern Munich, left, shooting Sunday despite the attempted tackle by the grounded Hasan Salihamidzic of Hamburg.

Cape Town Sets Sights On the 2004 Olympics

Mandela Promises State Support

By Lynne Duke
Washington Post Service

CAPE TOWN — South Africa is emerging from decades as a pariah state, its political system transformed and its president respected around the world as a symbol of reconciliation.

Cape Town already is a magnet for tourists drawn to its scenic blend of Africa and Europe, so its bid for the 2004 Olympics has great symbolic appeal.

Africa has never hosted the Games, and South Africa is pushing the Cape Town bid as a chance for the Olympic movement to fulfill a global mission.

But Zolile Feni wants to know what's in it for him. He lives in Khayelitsha, a sprawling shack community 12 miles (20 kilometers) outside the city center, where a sports, community and commercial hub is under construction, including an Olympic boxing venue, one of three such Olympic development forays into poor areas.

Jobs are promised, but Mr. Feni is skeptical.

Mr. Feni is chairman of the Khayelitsha Development Forum. He called the sports development "just a sugar-coated bitter pill. It's not going to serve the purpose it is being constructed for."

Whether Cape Town's development will be put into service for the 2004 Olympics will be known on Sept. 5, when the International Olympic Committee chooses a host city from among five finalists — Cape Town, Athens, Buenos Aires, Rome and Stockholm.

Although Cape Town's bid has great symbolism and has drawn praise for its technical planning, there are questions — not about whether South Africa can do it but whether it should even be trying.

With an overburdened government just three years removed from white minority rule, South Africa faces deep backlogs in the realm of human needs, and the Olympics, some analysts say, hold severe economic and social risks.

But President Nelson Mandela, the nation's most powerful voice in favor of the Olympic bid, has thrown the full weight of his government behind it. He even has issued a governmental guarantee to cover any Olympic debt.

The Mandela government says Cape Town would be able to provide a sophisticated, well-run Olympic Games that will be a huge marketing event for this emerging economy, while still fulfilling some of the nation's deep developmental and economic growth needs.

The Development Bank of Southern Africa has projected that the Games would boost the nation's gross domestic product by nearly a percentage point due to a rise in tourism and infrastructure base and would create 90,000 permanent jobs.

Cape Town's bid is detailed and technology-driven, going beyond what was requested by the IOC. This is part of the African strategy — to overcome expected skepticism.

"There was going to be an assumption that this wasn't a good bid because it's out of Africa," said Chris Ball, a banker who is chief executive of the Cape Town Olympic Bid Co.

"This is not a leap of faith. This is simple, hard-nosed planning. This is economics. This is a self-fulfilling prophecy. The question is: How can you say no?"

Under apartheid, South Africa's white-minority system of racial separation, the IOC was among the earliest international bodies to punish the nation for its policies, which did not allow blacks to participate in international sports and segregated athletes by race in domestic competition.

The IOC banned South Africa from the Olympics for 32 years, allowing the nation back into the Olympic fold in 1992.

Now, Mr. Mandela believes his nation's efforts to overcome its history should be rewarded.

"We have achieved what is regarded by the world as a miracle by bringing about a peaceful transformation," Mr. Mandela told a visiting IOC delegation last week. "We are now building a new nation, and it is the duty of the international community to assist us."

Like Sydney, site of the 2000 Olympics, Cape Town's plan is for a games far smaller than the sprawling 1996 Games in Atlanta, with visitors on any given day not to exceed 400,000. Cape Town gets about that many visitors during its peak tourist season in December.

The main Olympic Park, including the Olympic Village and Olympic stadium, would be six miles from the city center on land now occupied by a naval supply depot, with two existing commuter rail stations five minutes away. At the other end of the Olympic corridor, the other main venue, the indoor exhibition hall, is closer to the city center and walking distance from the media village and an international broadcast center.

Cape Town would require 38 venues to host the Games, about half of which already exist. Every potential venue is within 10 minutes of a rail station.

In a city that already has the highest concentration of hotels in the country, there are 42 more under construction. In addition, 17 luxury cruise liners would be berthed in Cape Town harbor to accommodate thousands more.

It's Only a Tiny Urn of Ashes But Aussies Want It at Home

Reuters

LONDON — Australia has again won the Ashes from England. Now it wants to take them home.

The Australian Cricket Board is to ask England to hand over the historic Ashes trophy, Australian media reported Sunday.

The Sun-Herald said an ACB meeting in Melbourne on Friday resolved to write to English officials requesting that the tiny urn be handed over.

Although Australia has held the Ashes for the past eight years, the trophy has always remained in London.

"We respect that ownership is ownership and we would never argue that it belonged to us," said Denis Rogers, the ACB chairman. "It might add a new dimension to the Ashes series by having the urn move back and forth when it changes hands."

The legend of the Ashes began in 1882, when the Sporting Times ran a mock obituary to English cricket after the national team had been beaten by a team from Australia.

Later that year, Ivo Bligh took a team to Australia, promising to bring back the "Ashes of English cricket." He fulfilled his goal and was later presented with a small pottery urn containing the ashes of a wooden cricket bail.

The urn remained in Bligh's keeping until his death in 1927, when his widow presented it to the MCC. It has since remained in the Memorial Gallery at Lord's.

On Saturday, England snatched a dramatic 19-run victory over Australia as Andy Caddick and Phil Tufnell shared nine wickets in a gripping climax to the sixth and final test at The Oval in south London.

Caddick, a fast bowler, captured five for 42 and Tufnell, a left-arm spin bowler, took four for 27 to dismiss Australia, which needed 124 runs to win, for 104.

England won the test in three days to salvage some pride but Australia had already retained the Ashes and took the series, 3-2.



Adrian Dennis/The Associated Press

Australia's cricket captain, Mark Taylor, showing off the Ashes trophy.

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Detroit	60	68	.469	23
CENTRAL DIVISION				
Cleveland	67	59	.532	—
Milwaukee	63	65	.492	5
Chicago	63	66	.488	5½
Kansas City	52	74	.413	15
Minnesota	52	75	.409	15½
WEST DIVISION				
Seattle	72	57	.558	—
Anaheim	71	59	.546	1½
Texas	62	67	.481	10
Oakland	51	79	.392	21½

NATIONAL LEAGUE

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Atlanta	80	49	.620	—
Florida	74	53	.583	5
New York	70	58	.547	9½
Montreal	63	64	.496	16
Philadelphia	45	79	.363	32½
CENTRAL DIVISION				
Houston	68	61	.527	—
Pittsburgh	65	64	.504	3
St. Louis	59	69	.461	8½
Cincinnati	55	71	.437	11½
Chicago	51	78	.395	17
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Toronto 200 000 030—5 10 2
Kansas City 000 000 030—3 8 0

Clemens, Quantrill (8), Escobar (9) and O'Brien; Rosado, Olson (8) and Mi.Sweeney. W—Clemens 20-4. L—Rosado 8-10. Sv—Escobar (10). HRs—Toronto, Cruz Jr (18), Carter (19).

Detroit 100 021 310—16 22 1
Milwaukee 000 001 000—1 5 1

Moehler, M. Myers (6), Gaillard (7) and Walbeck; Woodard, Adamson (5), Davis (6), A. Reyes (7) and Matheny, Levis (9). W—Moehler 8-9. L—Woodard 3-2. Sv—Gaillard (1). HRs—Detroit, Hamelin (16), Nieves (18).

Chicago 200 004 110—8 9 1
Texas 155 101 40x—17 20 4

Navarro, J. Darwin (4), McElroy (6) and Karkovice; D.Oliver, Whiteside (7) and I.Rodriguez. W—D. Oliver, 10-10. L—Navarro, 9-12. HRs—Chicago, Belle 2 (26), Karkovice (5). Texas, Greer 2 (20).

New York 002 000 210—5 7 1
Seattle 300 310 20x—9 14 1

Kn.Rogers, Boehringer (4), Lloyd (7) and Girardi; Fassero, Ayala (8) and Marzano. W—Fassero, 13-7. L—Kn.Rogers, 5-5. HRs—New York, Jeter (8), Be.Williams (17). Seattle, A. Rodriguez (20), Sorrento (24).

Boston 102 000 101—5 10 1
Anaheim 400 013 00x—8 10 1

Saberhagen, B. Henry (5), Hudson (6), Mahay (8) and Haselman, Hatteberg (7); Watson, P.Harris (7), Holtz (7), Percival (9) and Kreuter. W—Watson, 11-7. L—Saberhagen, 0-1. Sv—Percival (21). HRs—Boston, Garciaparra 2 (23), M. Vaughn (28).

Cleveland 020 020 001—5 12 1
Oakland 000 010 020—3 6 0

Jr.Wright, Jacome (7), Plunk (8), Assenmacher (8), Mesa (9) and S.Alomar; Prieto, D. Johnson (7), Mohler (8), Taylor (9) and Mayne. W—Jr.Wright, 4-2. L—Prieto, 6-8. Sv—Mesa (8). HRs—Cleveland, Ramirez (22), Justice (26). Oakland, Stairs (21).

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Montreal 000 000 010—1 5 1
Chicago 000 000 21x—3 5 0

Hermanson, Kline (7), Bennett (7), M. Valdes (8) and Widger; Trachsel, Pisciotta (8), Patterson (9), T. Adams (9) and Servais. W—Trachsel 6-10. L—Kline 0-2. Sv—T. Adams (12). HRs—Montreal, Strange (8). Chicago, Sosa (28).

San Francisco 000 000 200—2 8 1
Pittsburgh 200 010 00x—3 6 1

Rueter, D. Henry (7) and B.Johnson; Cooke, Christiansen (7), Rincon (7), Loiselle (9) and Kendall. W—Cooke 9-12. L—Rueter 9-6. Sv—Loiselle (22). HRs—Pittsburgh, M. Smith (6), E. Williams (3).

Los Angeles 000 100 004—5 7 2
Philadelphia 000 100 200—3 7 0

D.Reyes, Osuna (8), To.Worrell (9) and Piazza; Schilling, Bottalico (9) and Lieberthal. W—Osuna 2-3. L—Bottalico 2-5. Sv—To.Worrell (32).

Cincinnati 100 010 000—2 11 0
Atlanta 000 321 00x—6 8 0

Remlinger, Tabaka (6), Fe.Rodriguez (7) and J. Oliver; G.Maddux, Cather (8) and Edd.Perez. W—G. Maddux 17-3. L—Remlinger 6-5. HR—Atlanta, McGriff (17).

St. Louis 013 000 003—7 9 0
Florida 000 300 000—3 8 0

Morris, Fossas (8), C. King (8), Beltran (9), Eckersley (9) and Pagnozzi, Difelice (6); Saunders, Alfonseca (3), Cook (6), Powell (8), Nen (9) and C. Johnson. W—Morris 9-8. L—Saunders 3-5. HRs—St. Louis, McGwire 2 (7).

Colorado 000 100 000—1 7 1
Houston 001 026 00x—9 12 0

Thomson, DeJean (6), M.Munoz (8) and Je.Reed; Kile, Magnante (8) and Eusebio. W—Kile 17-3. L—Thomson 5-8. HR—Colorado, Galarraga (32).

San Diego 210 020 003 00—8 12 2
New York 100 000 403 01—9 13 0
11 innings

J.Hamilton, D. Veras (7), Ti.Worrell (8), Hoffman (9), Bochtler (11), Cunnane (11) and Flaherty; Harnisch, Lidle (5), Y.Perez (8), Rojas (9), Jo.Franco (11) and Hundley. W—Jo.Franco, 4-1. L—Bochtler, 3-6. HR—New York, Hundley (27).

SATURDAY'S LINESCORES

AMERICAN LEAGUE

Boston 000 000 010—1 7 2
Anaheim 301 000 02x—6 11 0

Sele, Wasdin (5), Gordon (8) and Hatteberg; Dickson, Cadaret (9) and Kreuter. W—Dickson, 13-5. L—Sele, 12-10. HRs—Boston, Garciaparra (24). Anaheim, Salmon (25).

New York 002 120 300 02—10 16 0
Seattle 201 022 001 00—8 14 2
11 innings

Mendoza, Lloyd (6), Nelson (7), M. Rivera (9), Stanton (11) and Posada; Olivares, Spoljaric (4), Timlin (6), Charlton (7), Slocumb (10) and Da.Wilson. W—M. Rivera, 4-3. L—Slocumb, 0-7. Sv—Stanton (2). HRs—Seattle, R. Kelly (6), Griffey Jr (41), R. Davis (20).

Minnesota 100 010 200—4 8 0
Baltimore 110 100 02x—5 7 0

Fr.Rodriguez, Swindell (8) and Steinbach; Mussina, Rhodes (6), Te.Mathews (7), Orosco (8), Ra.Myers (9) and Holles, Webster (9). W—Orosco, 5-3. L—Swindell, 7-3. Sv—Ra.Myers (40). HRs—Minnesota, Molitor (8). Baltimore, Surhoff (15), Berroa (22).

Detroit 000 101 000—2 10 0
Milwaukee 000 320 00x—5 11 2

Keagle, Jarvis (5) and Walbeck; Karl, Wickman (8), Do.Jones (9) and Matheny. W—Karl 9-10. L—Keagle 1-3. Sv—Do.Jones (28). HR—Milwaukee, Burnitz (23).

Toronto 200 310 000—6 8 0
Kansas City 230 000 000—5 10 2

Andujar, Janzen (3), Crabtree (7), Quantrill (8) and B.Santiago; Pittsley, J. Walker (5), Carrasco (7), J. Montgomery (9) and Mi.Sweeney. W—Janzen 1-0. L—J. Walker 3-3. Sv—Quantrill (5). HRs—Kansas City, C.Davis (24), J. Hansen (1).

Cleveland 030 000 112—7 17 0
Oakland 100 000 102—4 8 1

Hershiser, Assenmacher (7), M. Jackson (9), Mesa (9) and S.Alomar; Rigby, Groom (7), A. Small (8), T. J.Mathews (9) and Mayne. W—Hershiser 12-5. L—Rigby 0-5. Sv—Mesa (9). HRs—Cleveland, Thome 2 (36), Justice (27).

Chicago 000 201 320—8 11 4
Texas 002 003 35x—13 13 2

Eyre, N. Cruz (6), T.Castillo (8) and Fabregas; Witt, Bailes (7), Patterson (8), Wetteland (9) and I. Rodriguez. W—Patterson 8-5. L—N. Cruz 0-2. HRs—Chicago, Belle (27), Fabregas (6). Texas, I.Rodriguez (14), Greer 2 (22), F. Tatis (4).

NATIONAL LEAGUE

Cincinnati 100 001 001—3 8 1
Atlanta 110 010 61x—10 10 0

Tomko, Belinda (7), PA.Martinez (7), Tabaka (8) and J. Oliver; Neagle, C. Fox (8), Ligtenberg (9) and J. Lopez. W—Neagle, 17-3. L—Tomko, 8-5. HRs—Cincinnati, J. Oliver (13), M. Kelly (6). Atlanta, Lofton (4), A. Jones (14).

Montreal 020 000 124—9 13 1
Chicago 302 000 000—5 7 0

Paniagua, Bullinger (4), Telford (7), Urbina (9) and Fletcher; M.Clark, Pisciotta (7), Patterson (8), Bottenfield (9), R.Tatis (9), Batista (9) and Houston, Servais (9). W—Telford, 3-3. L—Patterson, 1-6. HRs—Montreal, Grudzielanek (4), Lansing (16), Fletcher 2 (15), Strange (9), Stankiewicz (1).

Colorado 000 011 103—6 14 0
Houston 100 001 100—3 10 0

Astacio, S. Reed (7), Dipoto (9) and Manwaring; R.Garcia, T.Martin (7), R. Springer (7), Hudek (9), B. Wagner (9) and Ausmus. W—S. Reed 4-5. L—Hudek 0-2. Sv—Dipoto (10). HRs—Colorado, Galarraga (33), Castilla (33), Bates (3).

St. Louis 000 000 000—0 5 0
Florida 010 101 00x—3 4 0

An.Benes, Petkovsek (7) and Difelice; K.J.Brown and C.Johnson. W—K.J.Brown, 12-8. L—An.Benes 8-7.

San Diego 001 010 102—5 14 1
New York 000 121 41x—9 12 1

Menhart, Bergman (7) and Flaherty; Mlicki, Y. Perez (7), McMichael (7), Wendell (9), Jo.Franco (9) and Hundley. W—Mlicki, 6-10. L—Menhart, 0-2. Sv—Jo.Franco (32). HRs—San Diego, S. Finley (23), Caminiti (18), Shipley (4). New York, McRae (7), Alfonzo (9), Hundley (28), Huskey (15).

Los Angeles 111 010 000—4 9 2
Philadelphia 001 020 000—3 9 1

Nomo, Dreifort (6), Radinsky (8), To.Worrell (9) and Piazza; T.Green, Blazier (6), Spradlin (7), Gomes (9) and Lieberthal. W—Nomo, 12-10. L—T. Green, 3-2. Sv—To.Worrell (33). HRs—Los Angeles, Piazza (29). Philadelphia, M.Cummings (4).

San Francisco 100 011 001—4 8 3
Pittsburgh 202 101 00x—6 10 0

D.Darwin, Poole (4), Mulholland (5), Tavarez (7) and B.Johnson; Loaiza, M. Wilkins (7), Rincon (8), Loiselle (9) and Kendall. W—Loaiza, 10-8. L—D. Darwin, 0-1. Sv—Loiselle (23). HRs—San Francisco, Kent (25), B.Johnson (6). Pittsburgh, A.Martin (9).

JAPANESE LEAGUES

CENTRAL LEAGUE

	W	L	T	Pct	GB
Yakult	60	43	2	.581	—
Yokohama	56	44	0	.560	2½
Hiroshima	54	48	0	.529	5½
Chunichi	48	58	1	.453	13½
Hanshin	46	57	1	.447	14
Yomiuri	45	59	0	.433	15½

PACIFIC LEAGUE

	W	L	T	Pct	GB
Orix	55	40	3	.579	—
Seibu	57	44	2	.564	1
Nippon Ham	51	53	1	.490	8½
Daiei	49	55	0	.471	10½
Kintetsu	47	56	2	.457	12
Lotte	43	54	2	.444	13

SATURDAY'S RESULTS

CENTRAL LEAGUE

Hiroshima 8, Yakult 3
Yomiuri 7, Yokohama 3
Hanshin 3, Chunichi 2

PACIFIC LEAGUE

Orix 6, Nippon Ham 4
Lotte 6, Kintetsu 3
Seibu 9, Daiei 1

SUNDAY'S RESULTS

CENTRAL LEAGUE

Yakult 6, Hiroshima 3
Hanshin 8, Chunichi 0
Yokohama 3, Yomiuri 2

PACIFIC LEAGUE

Orix 4, Nippon Ham 1
Seibu 8, Daiei 3
Kintetsu 11, Lotte 10, 12 innings

FOOTBALL

NFL PRESEASON

FINAL STANDINGS

AMERICAN CONFERENCE

	W	L	T	Pct.	PF	PA
EAST						
N.Y. Jets	4	0	0	1.000	112	72
New England	3	1	0	.750	78	52
Miami	3	2	0	.600	97	84
Indianapolis	2	2	0	.500	56	87
Buffalo	2	3	0	.400	80	117
CENTRAL						
Pittsburgh	5	0	0	1.000	155	96
Jacksonville	4	0	0	1.000	115	67
Cincinnati	2	2	0	.500	108	87
Baltimore	0	4	0	.000	90	115
Tennessee	0	4	0	.000	41	94
WEST						
San Diego	3	1	0	.750	86	65
Denver	3	2	0	.600	125	109
Seattle	3	2	0	.600	153	86
Oakland	2	2	0	.500	89	95
Kansas City	1	3	0	.250	64	78

NATIONAL CONFERENCE

	W	L	T	Pct.	PF	PA
EAST						
Washington	3	1	0	.750	80	79
Dallas	2	2	0	.500	105	91
Arizona	1	3	0	.250	31	81
N.Y. Giants	1	3	0	.250	71	107
Philadelphia	1	3	0	.250	81	114
CENTRAL						
Green Bay	5	0	0	1.000	121	47
Minnesota	3	2	0	.600	96	110
Chicago	2	3	0	.400	80	91
Detroit	1	3	0	.250	66	88
Tampa Bay	1	3	0	.250	53	62
WEST						
New Orleans	3	1	0	.750	76	44
St. Louis	2	2	0	.500	63	71
Atlanta	1	3	0	.250	87	93
San Francisco	1	3	0	.250	71	96
Carolina	0	4	0	.000	51	103

FRIDAY'S RESULTS

Jacksonville 26, Atlanta 17
Buffalo 31, Baltimore 28
Seattle 31, Cincinnati 28
N.Y. Jets 15, Tampa Bay 9, OT
Green Bay 22, N.Y. Giants 17
St. Louis 14, Kansas City 13
Dallas 34, Tennessee 10
Minnesota 28, San Diego 22
Pittsburgh 27, Carolina 19
New Orleans 13, Chicago 7
Arizona 15, Oakland 13

SATURDAY'S RESULT

Denver 31, San Francisco 17

AUTO RACING

BELGIAN GRAND PRIX

SPA-FRANCORCHAMPS, BELGIUM
308.577 kms. (190.507 miles)

1. Michael Schumacher, Ger., Ferrari, 44 laps, 1 h. 33 m. 46.717 s.; 196.149 kph (121.9 mph).
2. Giancarlo Fisichella, It., Jordan at 26.753
3. M. Hakkinen, Finland, McLaren 30.856
4. H-H., Frentzen, Ger., Williams 32.147
5. Johnny Herbert, Britain, Sauber 49.025
6. Jacque Villeneuve, Can., Williams 42.103
7. G. Berger, Austria, Benetton 1:03.741
8. Pedro Diniz, Brazil, Arrows 1:25.931
9. Jean Alesi, France, Benetton 1:42.008
10. Gianni Morbidelli, Italy, Sauber 1:42.583

DRIVERS STANDINGS: 1. M.Schumacher, 66; 2. Villeneuve, 54; 3 (tie), Frentzen and Alesi, 22; 5. Berger, 20; 6 (tie), Eddie Irvine, Britain, Ferrari and Hakkinen, 18. 8. Panis, France, Prost 15; 9 (tie), David Coulthard, Brit., McLaren-Mercedes and Fisichella, 14.

CONSTRUCTORS STANDINGS: 1. Ferrari, 84 points; 2. Williams, 76; 3. Benetton, 46; 4. McLaren, 32; 5. Jordan, 25; 6. Prost, 20; 7. Sauber, 14; 8. Arrows, 7; 9. Stewart, 6; 10. Tyrrell, 2.

CYCLING

SWISS GRAND PRIX

SUNDAY, IN ZURICH, SWITZERLAND
237 kms

1. Davide Rebellin, La Francaise des Jeux, Italy, 6 h. 18 m. 55 s.
2. Jan Ullrich, Telekom, Germany;
3. Rolf Soerensen, Rabobank, Denmark;
4. Stephane Heulot, Francaise des Jeux, Fr.;
5. Richard Virenque, Festina, France;
6. Michele Bartoli, MG-Technogym, Italy;
7. Maarten den Bakker, TVM, Netherlands;
8. Alberto Elli, Casino, Italy,
9. Yvon Ledanois, Gan, France;
10. Alexandre Gontchenkov, Roslotto-ZG, Russia, all same time.

WORLD CUP STANDINGS: 1. Soerensen, 275 points; 2. Bartoli, 278; 3. Rebellin, 205; 4. Andrea Tafi, Mapei-GB, Italy, 207; 5. Beat Zberg, Mercatone Uno, Switzerland, 135; 6. Elli, 120; 7. Laurent Jalabert, Once, France, 114; 8. Maximilian Sciandri, La Francaise des Jeux, Britain, 113; 9. Andrei Tchmil, Lotto, Ukraine, 112; 10. Jo Planckaert, Lotto, Belgium, 106.

CRICKET

ENGLAND VS. AUSTRALIA RESULT
SIXTH TEST, THIRD DAY
SATURDAY, IN LONDON, ENGLAND

Australia: 220 and 104
England: 180 and 163.
England won by 19 runs
Australia won the series 3-2.

SRI LANKA VS. INDIA
THIRD 1-DAY INTERNATIONAL
SUNDAY, IN COLOMBO SRI LANKA

Sri Lanka: 264 in 49.4 overs
India: 255-8 in 50 overs
Sri Lanka won the match by 9 runs and series 3-0.

Match was replay after game had to be abandoned due to rain and bad light on Saturday.

GOLF

EUROPEAN OPEN

Leading scores Sunday after final round of £850,000 ($1.3 million) European Open at 7,179-yard (6,563 meter) par-72 K Club course in Dublin, Ireland:

P-U. Johansson, Swe.	68-64-66-69—267
Peter Baker, England	70-67-68-68—273
J.M. Olazabal, Spain	69-73-67-65—274
R. Russell, Scotland	72-69-67-66—274
Costantino Rocca, It.	67-68-67-73—275
David Carter, England	68-73-67-67—275
Marten Olander, Swe.	69-68-71-67—275
Brian Davis, England	69-70-68-68—275
Steve Richardson, Eng.	65-72-73-66—276
A. Forsbrand, Sweden	70-67-73-67—277
Paul Broadhurst, Eng.	70-71-69-67—277
Eduardo Romero, Arg.	70-66-70-71—277
Per Haugsrud, Norway	68-67-70-72—277

SOCCER

GERMAN BUNDESLIGA

Hamburg 0, Bayern Munich 2
1860 Munich 0, FC Hansa Rostock 1
VfL Wolfsburg 2, Hertha BSC Berlin 1
Arminia Bielefeld 3, Werder Bremen 0
Bayer Leverkusen 6, Karlsruher SC 1
Borussia Dortmund 5, VfL Bochum 2
Borussia Moenchengladbach 4, Cologne 1
FC Kaiserslautern 3, Schalke 0
MSV Duisburg 0, VfB Stuttgart 3

STANDINGS: Kaiserslautern 10 points; Borussia Dortmund 7; Bayern Munich 7; VfB Stuttgart 7; Hansa Rostock 7; Karlsruher SC 7; VfL Wolfsburg 7; Bayer Leverkusen 6; Moenchengladbach 6; Arminia Bielefeld 6; Schalke 6; VfL Bochum 4; MSV Duisburg 4; FC Cologne 4; 1860 Munich 3; Hamburg SV 2; Hertha Berlin 2; Werder Bremen 2.

ENGLISH PREMIER LEAGUE

Barnsley 0, Chelsea 6
Blackburn 1, Liverpool 1
Coventry 2, Bolton 2
Everton 2, West Ham 1
Leeds 0, Crystal Palace 2
Leicester 0, Manchester United 0
Newcastle 1, Aston Villa 0
Southampton 1, Arsenal 3
Tottenham 1, Derby 0
Wimbledon 1, Sheffield Wednesday 1

STANDINGS: Blackburn 7 points; Arsenal 7; Manchester United 7; Leicester 7; Crystal Palace 6; Newcastle 6; West Ham 6; Bolton 4; Leeds 4; Coventry 4; Chelsea 3; Everton 3; Tottenham 3; Barnsley 3; Wimbledon 2; Liverpool 2; Sheffield Wednesday 1; Derby 0; Southampton 0; Aston Villa 0

FRENCH FIRST DIVISION

Bastia 1, Chateauroux 1
Auxerre 1, Guingamp 0
Metz 2, Paris St Germain 1
Marseille 2, Lens 3
Le Havre 1, Lyon 3
Montpellier 4, Toulouse 0
Rennes 2, Monaco 1

STANDINGS: Metz 12 points; Paris St Germain 9; Bastia 8; Lens 7; Marseille 7; Bordeaux 7; Toulouse 7; Lyon 6, Auxerre 6, Montpellier 5; Strasbourg 5; Monaco 4; Le Havre 4, Guingamp 4; Rennes 4, Nantes 3; Chateauroux 2, Cannes 0.

DUTCH FIRST DIVISION

Graafschap Doetinchem 3, Willem II Tilb 1
NEC Nijmegen 0, Heerenveen 1
Fortuna Sittard 0, Ajax Amsterdam 5
Breda 3, PSV Eindhoven 3
FC Volendam 0, Twente Enschede 0
RKC Waalwijk 1, FC Groningen 1
FC Utrecht 6, Maastricht 1
Vitesse Arnhem 3, Roda JC Kerkrade 1
Feyenoord 3, Sparta Rotterdam 1

STANDINGS: Ajax Amsterdam 6 points, Feyenoord 6, Heerenveen 6, PSV Eindhoven 4, FC Groningen 4, Twente Enschede 4, Doetinchem 4, FC Utrecht 3, Nijmegen 3, Roda JC Kerkrade 3, Vitesse Arnhem 3, Breda 1, Sparta Rotterdam 1, FC Volendam 1, RKC Waalwijk 1, Willem II Tilburg 0, Fortuna Sittard 0, Maastricht 0.

ITALIAN SUPERCUP

Juventus 3, Vicenza 0

SPANISH SUPER CUP

Real Madrid 4, Barcelona 1
Real Madrid win 5-3 on aggregate.

MAJOR LEAGUE SOCCER

Columbus 2, New England 1
New York-New Jersey 2, Dallas 1

STANDINGS: Eastern Conference: D.C. 42 points; Tampa Bay 36; Columbus 29; New England 28; NY-NJ 22; Western Conference: Kansas City 39 points, Colorado 35; Dallas 30; Los Angeles 26; San Jose 24.

INTERNATIONAL FRIENDLY

Lebanon 0, Iraq 2

TENNIS

U.S. WOMEN'S HARDCOURT
IN STONE MOUNTAIN, GEORGIA

SEMIFINALS

Sandrine Testud, France, def. Iva Majoli (3), Croatia, 7-5, 6-3.
Lindsay Davenport (4), U.S., def. Amanda Coetzer (5), South Africa, 6-2, 6-4.

FINAL

Davenport def. Testud 6-4, 6-1.

MFS PRO CHAMPIONSHIPS
IN BROOKLINE, MASSACHUSETTS

QUARTERFINALS

Sjeng Schalken, Netherlands, def. Alex Corretja (1), Spain, 3-6, 6-3, 6-3.
Albert Costa (5), Spain def. Johan Van Herck, Belgium, 6-7 (7-3), 6-2, 6-1.
Jeff Tarango, U.S., def. Greg Rusedski (6), Britain, 7-6 (12-10), 7-6 (7-2).
Marcelo Rios (2), Chile, def. Hernan Gumy, Argentina, 6-4, 6-3.

SEMIFINALS

Schalken def. Costa 6-4, 5-7, 7-3.
Rios def. Tarango 6-4, 6-3.

HAMLET CUP
IN COMMACK, NEW YORK

QUARTERFINALS

Carlos Moya (5), Spain, def. Marc-Kevin Goellner, Germany, 6-4, 6-4
Thomas Enqvist (6), Sweden, def. Richey Reneberg, U.S., 5-7, 6-4, 6-2
Julian Alonso, Spain, def. Goran Ivanisevic (2), Croatia 7-6 (7-4), 3-6, 6-3.
Patrick Rafter (8), Australia, d. Michael Chang (1), U.S., 6-4, 3-6, 6-1.

SEMIFINALS

Moya def. Alonso 6-2, 6-3
Rafter def. Enqvist 6-4, 6-4.

FINAL

Moya def. Rafter 6-4, 7-6 (7-1).

RUGBY UNION

TRI-NATIONS SERIES
SATURDAY, IN PRETORIA, SOUTH AFRICA

South Africa 61, Australia 22

FINAL STANDINGS: New Zealand 18 points; South Africa 7; Australia 6.

TRANSITIONS

FOOTBALL

NATIONAL FOOTBALL LEAGUE

NFL—Suspended Miami Dolphins DB Clayton Holmes four games for unspecified violation of the league's drug and alcohol abuse policy.

WASHINGTON—Fined WR Michael Westbrook $50,000 for fighting in practice on Aug. 19. Released DT Romeo Bandison, DE Ryan Kuehl and WR Chris Thomas.

ADVERTISEMENT

~Memorable Moments from Johnnie Walker: RYDER CUP *with Bernard Gallacher*



SEVE MAKES IMPASSIONED PLEA TO REST.

Written with R. Simmons. Designed & Illustrated by Dave F Smith © International Herald Tribune / Professional Sports Partnerships Ltd.

O'Neill Boosts Yankees With 11th-Inning Hit

The Associated Press

After stranding nine runners with four strikeouts in his first five at-bats, Paul O'Neill hit a two-run double in the 11th inning as the New York Yankees overcame a ninth-inning, game-tying homer by Roberto Kelly to beat the Seattle Mariners.

"I left runners on all day," O'Neill said after the 10-8 victory Saturday.

AL Roundup

"That's a bad day. But that's the funny thing about baseball. You can still end up on a good note."

Ken Griffey hit his 41st homer to tie Mark McGwire for the major-league lead.

New York, which stranded 17 runners, won for just the fourth time in its last 20 games at the Kingdome, including the 1995 American League playoffs.

"I think you can dispel any jinx stuff," the Yankees' manager, Joe Torre, said. "They've snatched a few away from us. So it was gratifying to keep going out there and keep coming back."

Tino Martinez raised his major league-leading runs-batted-in total to 121 with a go-ahead, two-run double off Norm Charlton in a three-run seventh that put New York ahead, 8-7.

But Kelly led off the ninth with his sixth homer, his first since Seattle acquired him from Minnesota on Wednesday night.

Mariano Rivera (4-3) blew a save for the eighth time in 48 chances. Rivera then escaped bases-loaded jams in the ninth and 10th, getting Rob Ducey on an inning-ending groundout in the ninth and striking out Alex Rodriguez in the 10th. In the ninth, Griffey was thrown out at the plate by catcher Jorge Posada after a pitch that bounced off the backstop.

"I kept thinking we still had a chance," Rivera said. "That's what was in my mind. To get home and cover the plate."

The Mariners' manager, Lou Piniella, disputed home-plate umpire Rich Garcia's out call.

"It hit the advertising sign back there and bounced right back to him," Piniella said. "I hope they're getting a lot for that sign. He had his legs in on the replay."

Angels 6, Red Sox 1 Jason Dickson, a rookie pitcher, held the major leagues' top-hitting team to seven hits over eight innings, and Tim Salmon hit a two-run homer as Anaheim beat visiting Boston. Dickson (13-5) walked one and struck out six.

Boston rookie Nomar Garciaparra singled in the sixth to extend his hitting streak to 25 games, the longest for the Red Sox since Wade Boggs' 25-game streak in 1987. He hit his 24th homer in the eighth for their only run.

Rangers 13, White Sox 8 Rusty Greer homered twice and drove in six runs for the second straight night in a game that featured five blown leads. Greer hit two-run homers in the third and sixth innings, then delivered a two-run single in host Rangers' five-run eighth.

Ivan Rodriguez hit a three-run homer for Texas, and Fernando Tatis hit a solo shot.

Albert Belle hit his 27th homer for Chicago.

Blue Jays 6, Royals 5 Marty Janzen (1-0) won for the first time since June 12, 1996, and Shawn Green drove in the go-ahead run with a fifth-inning single as visiting Toronto rallied. Janzen, recalled from Triple-A Syracuse on Aug. 1, struck out four in four shutout innings, allowing two hits.

Indians 7, Athletics 4 Orel Hershiser (12-5) recovered from a bad start to pitch 6⅓ innings of five-hit ball, and Jim Thome hit two homers in Oakland.

Oakland was without designated hitter Jose Canseco for most of the game after he was ejected in the first inning for arguing a called third strike.

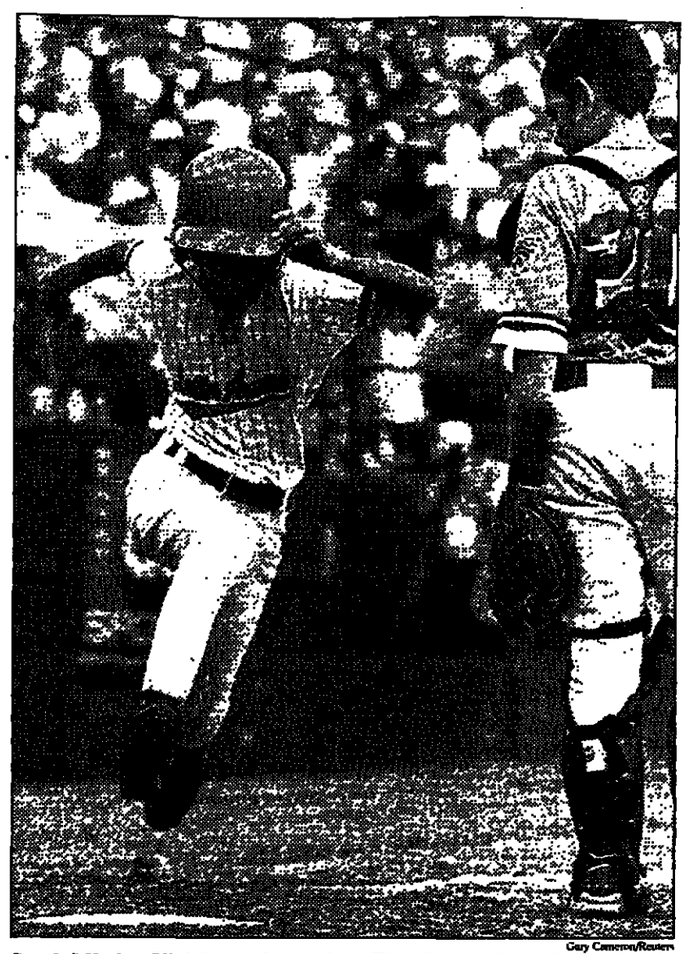
David Justice, who went 4-for-5, homered for the second straight game and seventh time in 14 games.

Brewers 5, Tigers 2 In Milwaukee, Scott Karl (9-10) won his career-high seventh straight decision, and Jeromy Burnitz homered and tripled. Doug Jones worked a perfect ninth for his 28th save.

Orioles 5, Twins 4 In Baltimore, Geronimo Berroa hit a two-run homer, his 22d this season, in the eighth inning to give the streaking Orioles their ninth victory in 10 games against Minnesota this season.

Baltimore managed just five hits over seven innings against Frankie Rodriguez before rallying to send Minnesota to its 15th loss in 17 games.

B. J. Surhoff also homered and Cal Ripken had two RBIs for Baltimore, which kept a six-game lead in the AL East over New York.



Gary Cameron/Reuters

South Mission Viejo's catcher, Adam Elconin, watching Javier de Isla score the winning run for Guadalupe in the Little League World Series.

Little League Series: School of Hard Knocks

California 12-Year-Olds Deal With Defeat

By Bill Plaschke
Los Angeles Times Service

WILLIAMSPORT, Pennsylvania — The ball rolled between Ashton White's legs and through the thick grass in center field, and Javier de Isla sprinted across home plate to score the winning run amid a bouncing sea of teammates.

And here came the South Mission Viejo, California, moms — rushing to the chicken wire behind their dugout, holding back giant sobs to shout at their little boys.

In this most impossible of moments, it was the most improbable of cheers.

"We're So Proud of You, Say We're So Proud of You."

It did not work. The 12-year-olds did not listen to their mothers.

White collapsed in center field, burying his face in his hands. Adam Sorgi froze between second and third base, his once-brave face covered in tears.

Some threw their caps, others kicked the dirt, some just stared with reddening eyes at a scoreboard that showed how Mexico had scored four times in the final inning to steal away with the Little League world title Saturday, winning the game, 5-4.

And still the California moms chanted: "We're So Proud of You, Say We're So Proud of You."

On a breezy Saturday afternoon in the White Deer Mountains, 13 kids from Orange County were moments from learning about winning championships.

Instead, they had to settle for learning about life.

An uneven swap if there ever was one.

"I had fun — for the first five innings," said Nick Moore, the first baseman whose home run helped give South Mission Viejo a 4-1 lead.

But in the bottom of the sixth inning — the final frame in these games — pitcher Gavin Fabian hit the first batter on the shoulder, and walked the second one.

After throwing two balls to Gabriel Alvarez, Fabian was replaced by Sorgi. Three pitches later, Alvarez hit a home run over the left-field fence to tie the score. Then de Isla walked and eventually scored the winning run from second base on Pablo Torres's single that went through the legs of center fielder White.

While the South Mission Viejo players despaired, the Mexican team looked skyward.

"I prayed for this," Alvarez said as he hurried from the stadium with his family to attend Saturday night Mass. "In the dugout, we all prayed."

Guadalupe becomes only the third team from Mexico to win a Little League world championship in the tournament's 50 years.

South Mission Viejo becomes one of the few teams to lose in such stunning fashion.

It may be the only team to ever lose in a championship game — and then listen to its coach say it deserved to lose.

This was life lesson No. 1: When you lose, not everyone is willing to run to the chicken wire and cheer you.

"Baseball is a tough game, and they got what they deserved today. They deserved to lose this game," said Jim Gattis, the team's manager, who is a former college coach and currently the owner of a café.

Gattis said his team pouted after strikeouts, which may have led to silly mistakes — Mexico's first run scored after two errors — and which caused his team "to be out of whack."

Out of whack? A couple of parents thought the manager might have been out of whack.

"How can you tell kids something like that?" asked Claudia Nieves, mother of outfielder Andrew Nieves. "Those kids played their hearts out. How can you say that they didn't deserve to win?"

Good question. Maybe lesson No. 1 should be, that no matter how pure they try to make this a kid's game, some adult will always try to muck it up.

And no doubt, this was darn near pure. The crowd of 37,400 that filled the bleachers and hills around Lamade Stadium were there gratis. There is no admission charge for this tournament.

Then came the sixth inning, and reality.

Lesson Two? Some things, you just have to face yourself.

That is what Ashton White learned from his father, Charles White, the former running back and Heisman Trophy winner. After his son finally climbed to his feet and ran off the field, still crying and shaking his cap in frustration, his father stared from behind dugout.

"Hang in there, Ash," he said quietly.

Later, his father said, "Today, my son learned what it is like to lose. He learned that feeling. He will know that he never wants to feel it again.

"He will learn to deal with this himself. That is a very important lesson."

Perez's Double Gives Reds the Victory

The Associated Press

Eduardo Perez's two-out, two-run double in the 10th inning gave the Cincinnati Reds a 6-4 victory Sunday over the Atlanta Braves, who lost despite getting 17 strikeouts from four pitchers.

Cincinnati, avoiding a sweep in the three-game series one day after manager Jack McKeon berated his players for a 10-3 loss, took advantage of three errors to score four unearned runs.

NL Roundup

In the 10th, Barry Larkin began the winning rally with a pinch-hit single, but the inning should have ended when Chris Stynes hit a sharp grounder down the third-base line with two outs.

Chipper Jones's throw to first was high, putting runners on first and third.

Perez followed with a double into the left-field corner against Chad Fox (0-1), ending the Braves' four-game winning streak.

The Braves, falling behind 4-2 when the Reds scored three runs in the top of the eighth, tied it on Fred McGriff's two-out, bloop single that brought home two runs in the bottom of the inning.

John Smoltz had a season-high 12 strikeouts, but he didn't figure in the decision. Smoltz surrendered three hits and a run to the first three batters of the game, then didn't allow a hit over the next six innings. He retired 19 of 20 and even the one who reached base, on a walk, was wiped out by a double play.

In the Cincinnati eighth, with the Braves clinging to a 2-1 lead, Reggie Sanders led off with a drive to right for his 16th homer. The Reds wound up scoring three runs in the inning to knock out Smoltz, getting RBI singles from Pokey Reese and Stynes and benefiting from an error by second baseman Tony Graffanino.

In games played Saturday:

Braves 10, Reds 3 Denny Neagle reached a career best with his 17th victory as Atlanta routed Cincinnati. Neagle (17-3) tied teammate Greg Maddux and Houston's Darryl Kile for the National League lead in victories, giving up two runs and six hits in seven innings.

Rockies 6, Astros 3 Vinny Castilla hit a three-run homer, his 33d, off Billy Wagner with two outs in the ninth as visiting Colorado defeated Houston.

Expos 9, Cubs 5 In Chicago, pinch hitter Andy Stankiewicz homered for the first time since April 25, 1994, and Mark Grudzielanek and Mike Lansing followed with bases-empty home runs in the ninth. Darrin Fletcher homered twice for the Expos.

Marlins 3, Cardinals 0 Kevin Brown pitched a five-hitter and Craig Counsell drove in two runs to lead Florida past St. Louis in Miami.

Pirates 6, Giants 4 In Pittsburgh, Turner Ward doubled twice and drove in two runs and the Pirates kept the races close in two divisions by beating San Francisco.

Dodgers 4, Phillies 3 Mike Piazza homered and had an RBI single as visiting Los Angeles beat Philadelphia. The Dodgers' starter, Hideo Nomo (12-10), gave up three runs and seven hits in five innings for the victory.

Mets 9, Padres 5 Todd Hundley hit his fourth career grand slam to lead host New York over San Diego. Edgardo Alfonzo, Butch Huskey and Brian McRae also homered as the Mets won for just the fifth time in 14 games. Ken Caminiti, Steve Finley, Craig Shipley homered for San Diego.

Is Umpire Guilty of Provoking Incidents?

By Murray Chass
New York Times Service

Cussing, John Hirschbeck said the other day, "is part of the game," presumably like bunting and stealing and making double plays.

This is the same John Hirschbeck who denied last year that he made cussing part of the game in which Roberto Alomar spit at him.

Hirschbeck said he didn't use the kind of language Alomar said he used during their confrontation at home plate.

Hirschbeck is an American League umpire who was portrayed as the innocent victim of Alomar's salivary attack last September. No one, not even his family, condoned Alomar's behavior, and he apologized for it. But the Baltimore second baseman also said Hirschbeck had provoked him by calling him a vulgar term viewed with outrage in the player's native Puerto Rico.

The Alomar incident, which baseball would love to be forgotten, popped back into view because of Hirschbeck's incident in Anaheim, California, last Wednesday night with Hideki Irabu, the Yankees' temperamental Japanese pitcher.

Believing that Irabu, by angrily kicking at the dirt on the mound, was showing up the umpires for calling two balks on him, Hirschbeck charged the mound and berated the pitcher. After the game, at least one member of the Yankees accused the umpire of making an ethnic slur — later, no one would acknowledge they heard it — by putting "Japanese" in front of the obscene 12-letter name he called Irabu.

Hirschbeck denied the slur, just as he denied calling Alomar a two-word obscenity. Tellingly, though, the cuss word Hirschbeck uttered at Irabu was similar to what Alomar said provoked him. It's also the word that brings automatic ejection for a player who uses it with an umpire.

When a player says it, cussing suddenly is not part of the game.

THIS WEEK ON EUROSPORT

Carl Lewis brings down the curtain on his glorious career with his final appearance in Europe. Can he leave out with a win as the world's greatest sprinter makes his exit?

Athletics:
31 August, LIVE, Universiade, World Sprint Festival, Sicily, Italy
Donovan Bailey, Frankie Fredericks, Carl Lewis, Leroy Burrell, Dennis Mitchell and Michael Johnson will all be in action as the fastest men on the planet meet in Italy

Indy car:
30 - 31 August, LIVE, PPG CART World Series, Vancouver
With three races of the season left, Italy's Alex Zinardi will want to edge closer to the title on the 1.7 mile street circuit where he took pole position last year

Motorcycling:
29 - 31 August, LIVE, Motorcycle Grand Prix, Brno, Czech Republic
Michael Doohan has already clinched his 4th 500cc World Championship but Max Biaggi, Ralf Waldman and Tetsuya Harada will battle to the wire as the 250cc Championship gets tighter with each race

Cycling:
27 - 31 August, LIVE, The World Track Championships, Perth
Graeme Obree is the surprise inclusion in the field as Australia plays host to the best track cyclists in the world



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49ers Lose As Elway Rebounds

The Associated Press

DENVER — John Elway, who injured his throwing shoulder in early August, showed no ill effects as the Denver Broncos romped over the San Francisco 49ers, 31-17.

Elway, seeing his first action since rupturing a biceps tendon Aug. 4, was 7-for-10 for 51 yards Saturday.

He said he is throwing without pain for the first time since shoulder surgery in the off-season to remove scar tissue.

Running back Terrell Davis ran 12 times for 92 yards and two touchdowns.

Elway and Davis played only on Denver's first two possessions, both of which resulted in scoring runs by Davis.

Backup quarterback Jeff Lewis threw two third-quarter TD passes to Willie "Flipper" Anderson as Denver dominated the 49ers, who have been plagued by turnovers and defensive lapses in the last two preseason games.

■ NFL Suspends Player

Miami Dolphins cornerback Clayton Holmes was suspended Saturday for at least the first four games of the season for another violation of the league's substance abuse policy, Reuters reported.

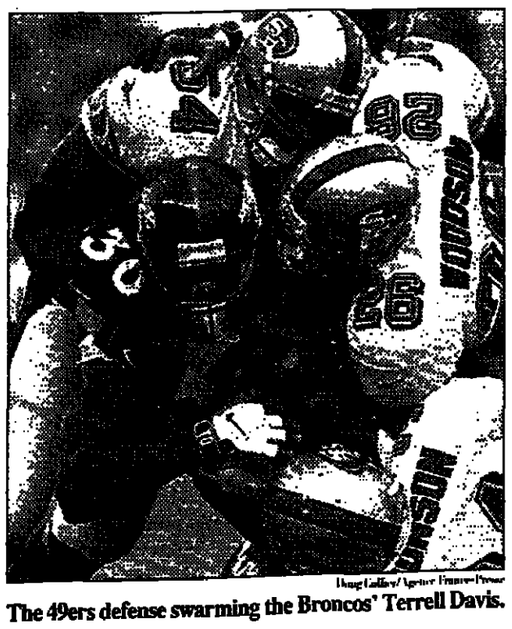
Holmes was suspended in November 1995 for the remainder of the season after a substance abuse violation. He sat out the 1996 season and was signed to a one-year contract by Miami last February, 12 days after being reinstated by the league.

■ Seattle Star Injured

The Seattle Seahawks could be without their star wide receiver Joey Galloway for as long as a month because of a toe injury suffered in Friday's preseason game at Cincinnati, Reuters reported.

After just one series of plays, Galloway left the game, in which Seattle beat the Bengals, 31-28, when he injured a toe on his right foot.

Galloway was the Seahawks' leading receiver last season with 57 catches for 987 yards and seven touchdowns.



Doug Collier/Agence France-Presse

The 49ers defense swarming the Broncos' Terrell Davis.

Oklahoma Bows, 24-0, In Classic

The Associated Press

CHICAGO — Northwestern's defense didn't tackle well, giving up big plays all day, especially to the elusive Oklahoma running back De'Mond Parker.

But the Wildcats didn't surrender any points, either, and beat the Sooners, 24-0, Saturday in the Pigskin Classic.

"You come off two Big Ten titles and you think you're good. We showed we're just O.K. and we need a lot of work," said senior defensive end Keith Lozowski, whose third-quarter interception was one of the keys for the Wildcats.

Northwestern sputtered with starting quarterback Tim Hughes before finally getting untracked behind backup Chris Hamdorf. Hamdorf completed 6-of-11 passes for 80 yards while Hughes was 14-of-28 for 151.

Oklahoma threatened throughout, but Justin Fuente had two passes intercepted and Jeremy Alexander missed two field goals as the Sooners came up empty.

Brian Gowins hit field goals of 27 and 22 yards for the Wildcats.

WORLD ROUNDUP



AFP
Per-Ulrik Johansson surveying a green at the European Open.

Swede Keeps Title

GOLF Per-Ulrik Johansson, the defending champion, shot a closing 3-under-par 69 Sunday to win the European Open in Dublin, while Ryder Cup hopeful Jose Maria Olazabal improved his selection chances by shooting a 7-under 65 to finish joint third.

Johansson finished with a 21-under 267, six strokes ahead of England's Peter Baker (68). Olazabal and Scotland's Raymond Russell (66) were a stroke further back at 274. Olazabal exchanged his 12th placing on the Ryder Cup standings for Padraig Harrington's 11th place after the Irishman shot 72 to finish 50th with a total of 285.

If Olazabal can keep 11th position after next week's BMW International in Munich, he will qualify automatically for the European team because Miguel Angel Martin, ninth in the standings, is sidelined with a hand injury. *(AP)*

King of the Straw Men

BOXING Ricardo Lopez of Mexico, the World Boxing Council strawweight champion, retained his title Saturday by stopping Alex Sanchez of Puerto Rico in the fifth round at Madison Square Garden.

On the same card, Wilfredo Vasquez of Puerto Rico retained his WBC featherweight title with a unanimous points decision over Colombia's Roque Cassiani, and challenger Julio Cesar Green of the Dominican Republic won a tight points decision over William Joppy to take the World Boxing Association middleweight title. *(AP)*

Sri Lanka Sweeps India

CRICKET Sri Lanka beat India by nine runs on Sunday in Colombo to win the third and final one-day match and sweep the series, 3-0. The match was rescheduled after the game Saturday was abandoned due to rain and poor visibility.

Sri Lanka batted first and made 264, with Arvinda da Silva hitting 104. India made 255 for eight wickets in its 50 overs. *(Reuters)*

Rebellin Wins in Zurich

CYCLING Davide Rebellin, an Italian who rides for La Francaise des Jeux team, won the Swiss Grand Prix in Zurich on Sunday. He beat Jan Ullrich, the Tour de France winner, who rides for Telekom, and Rolf Sorensen, a Dane with Radobank.

• Fabiana Luperini of Italy on Sunday won the women's Tour de France for the third straight time.

Luperini finished 2 minutes 36 seconds ahead of Swiss world champion Barbara Heeb after the final two stages. Canadian Linda Jackson finished third, 5:02 behind Luperini. Luperini, 23, had held the lead from the fourth stage. *(AFP)*

Springboks Beat Wallabies

RUGBY UNION South Africa demolished Australia, 61-22, in Pretoria on Sunday in the final match of the Tri-Nations championship.

The Springboks ran in eight tries. Flyhalf Jannie de Beer scored a try and landed nine kicks at goal for 26 points. Center Percy Montgomery scored two tries to take his tally to five in six tests. New Zealand had already won the competition. Australia finished last. *(Reuters)*

Out in the Meadows, A Grand Arena Grows

By Christopher Clarey
International Herald Tribune

NEW YORK — Grander Slams do not necessarily produce better views. From the top of the new 22,457-seat Arthur Ashe Stadium at the National Tennis Center, home of the United States Open, the court is indeed visible but there is no way to know if a player is grimacing or grinning, or perhaps more troubling in this particular tennis era, whether he is wearing Nike or Reebok.

Sasha Naaman-Mejica could have cared less whether Andre Agassi and John McEnroe were wearing Laura Ashley as she watched them play an exhibition as part of Saturday's inaugural celebration.

U.S. OPEN TENNIS

Naaman-Mejica, a New Yorker, is afraid of heights, and as she looked down, down, down toward the court so far, far, far away she was clinging to her seat in the second to last row.

"As long as I'm sitting down, it's O.K.," she said.

Consider this the high price of progress, and there has been plenty of it in recent years at tennis's four showcase tournaments. First, the Australian Open built a stadium with a retractable roof at Flinders Park in Melbourne. Then the French Open built a second stadium and dozens of outside courts and training facilities at Stade Roland Garros in Paris, then Wimbledon inaugurated its Court One and the "English Garden" theme.

Now, it is the U.S. Open's turn to break new ground in the stadium race at Flushing Meadows, which, to be quite honest, has long been known as a place better suited for flushing than for meadows.

Now, $254 million later, the place is largely unrecognizable. Yes, the former main stadium, named for Queens' hometown hero Louis Armstrong, is still in service and still just as charmless. Yes, the Unisphere, the massive steel sculpture of a globe still sits just outside the grounds. But the rest is strikingly different and much improved, because the Open's contractors did not simply build a more attractive new stadium. They also rebuilt the outside courts, which are now entirely separated from each other, and added more comfortable seats.

No longer do the burgers grill so close to the groundstrokes. No longer should the players steam about the burgers.

"I think we're Number One among the Grand Slams now in terms of our facilities," said Jay Snyder, the U.S. Open tournament director. "But it's not a competition. We're in the cooperation business."

Sergi Bruguera of Spain disagrees about the pecking order. "It's much better here," he said, before expressing his concern about the wait in the new player's restaurant and the cramped new men's locker room. "I still put this one at Number Three after the French Open and the Australian," he said.

Bruguera is one of five Spaniards seeded here, but none of them is the favorite. That honor belongs to Pete Sampras, the two-time defending champion who will attempt to become the first man since Mats Wilander in 1988 to win three of the four Slam events in a single year. Sampras is the only constant in a sport where the ever-increasing depth has transformed Grand Slam tennis into a Lotto scratchcard.

Unseeded semifinalists have become the rule. There were three at this year's French Open, where unseeded Gustavo Kuerten ended up winning. There were three at Wimbledon, where Sampras beat Cedric Pioline of France in the final.

"All this just goes to show that the guys ranked from 15 on aren't quite as intimidated by the guys in the top 10 like they were 10 years ago with McEnroe and Jimmy Connors," Sampras said.

Sampras certainly should intimidate his first two opponents. He will play a qualifier in the first round and another in the second round. Others could suffer early. Jim Courier, unseeded here for the first time since 1989, will face Todd Martin, a fellow American and a former top-five player, who has not played a tournament since undergoing elbow surgery in February. Martina Hingis, the No. 1 seed who, like Sampras, is attempting to win her third Slam title and has lost only twice this year, will open against Tami Jones, an American veteran. No. 2 seed Monica Seles, who has won two hard-court tournaments in the last month, plays Kristie Boogert of the Netherlands.

MEANWHILE, the two players who have done the most for European tennis in the last decade — Boris Becker and two-time-defending Open champion Steffi Graf — will watch from afar. Becker, who may have played his last Grand Slam event in singles, withdrew to mourn the death of his manager, Axel Meyer-Woelden. Graf is recovering from knee surgery.

If they had come, they would have been like everyone else: newcomers at a new-look tournament, and when they walked in the players' entrance they would have stared up at the wall and seen the following words: "I wanna wake up in the city that doesn't sleep to find I'm king of the hill, top of the heap. If I can make it there, I'd make it anywhere."

Those lines from the theme from "New York, New York" are the Open's answer to those from the Rudyard Kipling poem "If" inscribed above the doorway that leads to Wimbledon's Centre Court: "If you can meet with triumph and disaster/And treat those two imposters just the same."

"We wanted to do something American," Snyder said. "And what's more American than Frankie."

■ Moya Ends His Drought

Carlos Moya of Spain, the No. 5 seed, beat Patrick Rafter, 6-4, 7-6 (7-1), Sunday in the final of the Hamlet Cup in Commack, New York, The Associated Press reported.

It was the first title of the year for Moya who, like Rafter, had lost his previous four finals.

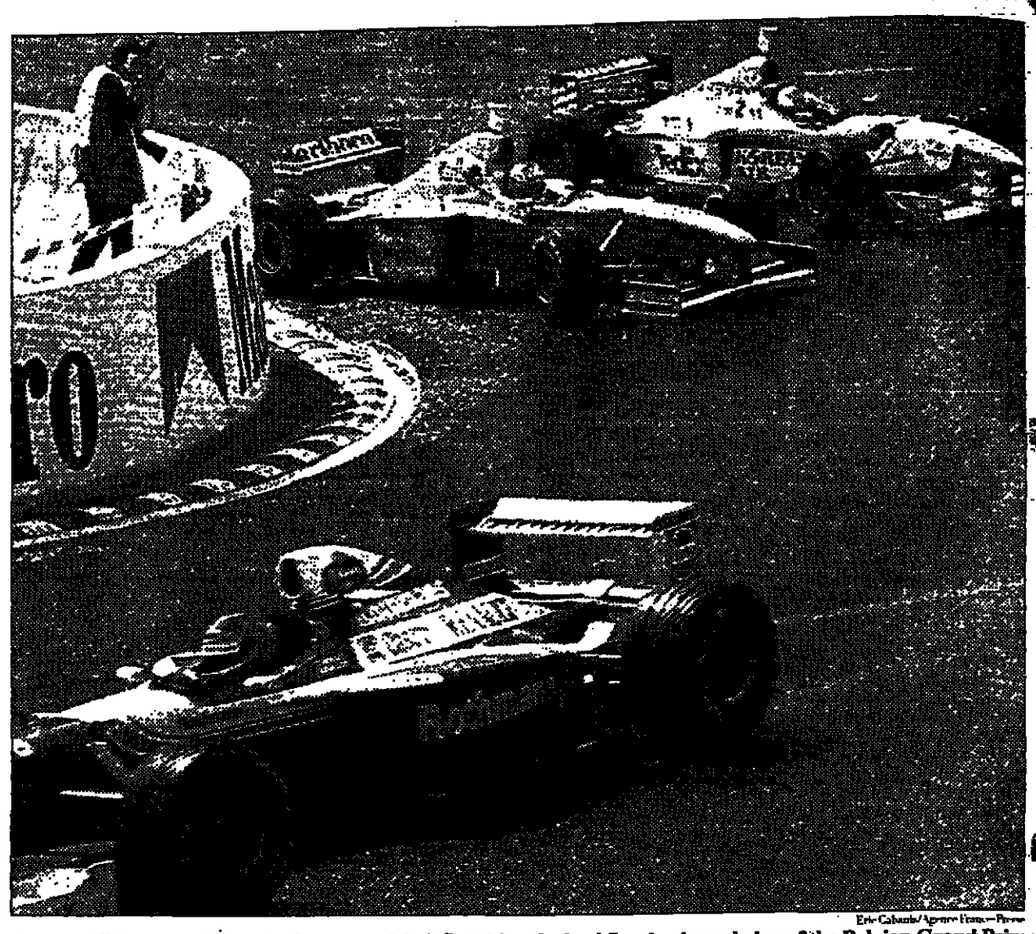
• Lindsay Davenport, who has never advanced past the quarterfinals in a major tournament, heads to New York on a roll, after beating Sandrine Testud, 6-4, 6-1, Saturday in the final of the U.S. Women's Hardcourt Championships.

The fourth-seeded Davenport didn't lose a set in four matches during the event at Stone Mountain, Georgia, where she won a gold medal last summer in the Atlanta Olympics.

• Unseeded Sjeng Schalken of the Netherlands continued his string of upsets Sunday, beating No. 2 seed Marcelo Rios of Chile, 7-5, 6-3, in the final of the MFS Pro championships in Brookline, Massachusetts. In the previous two rounds, Schalken had beaten two Spaniards, Albert Costa, the No. 5 seed, and top seed Alex Corretja.



Jeff Christian/Reuter
The top seeds of the U.S. Open, Pete Sampras and Martina Hingis, chatting at an exhibition match. The tournament gets under way Monday.



Eric Cabanis/Agence France-Presse
Jacques Villeneuve of Canada, foreground, briefly taking the lead Sunday in early lap of the Belgian Grand Prix.

A Grand Prix Coup for Schumacher

Decision on Tires Proves Correct on Wet Belgian Track

The Associated Press

SPA-FRANCORCHAMPS, Belgium — Michael Schumacher used his knowledge of Belgium's unpredictable weather and another daring tire decision to capture the Belgian Grand Prix on Sunday.

After a shower soaked the track minutes before the start, most drivers came out in full rain tires, but Schumacher chose intermediate wet-weather tires and dominated the early part of the 44-lap race.

"When I was sitting on the grid and the sun was coming out and the rain was stopping, I had my first smile," Schumacher said after the race. "I said 'O.K., it's the right circumstances for me now.'"

He won the race 26.753 seconds ahead of Giancarlo Fisichella, an Italian in a Jordan-Peugeot. Mika Hakkinen of Finland was third, more than 30 seconds behind.

Schumacher was timed in 1 hour, 33 minutes, 46.7 seconds. He averaged 196 kilometers per hour (almost 122 miles per hour) for the 306.5 kilometers.

It was the 26th career victory for Schumacher and his fourth this year. He also has won four of the last six Belgian Grand Prix.

"It counts very much to take the right decision, to know a bit the weather here," Schumacher said.

He was five seconds a lap faster than the field early on. Not only did his rivals have the wrong tires, but many also had gotten cooled off by the rain.

Schumacher had waited in the pits until after the downpour, then went on the track for a solo lap to warm up his tires while everyone else was already on the starting grid.

After a hot morning, there was a brief but hard shower less than 20 minutes before the start of the race. The rain lasted just 15 minutes and the sun shone brightly at the scheduled start, but the race still began behind the safety car because of the amount of water on the track.

No passing was allowed for three laps as the cars lapped in single file with Jacques Villeneuve and Jean Alesi ahead of Schumacher. Then the safety car went off, the real racing began and Schumacher took over.

"It would have been very dangerous without the pace car," Schumacher said. "There were still puddles on the track. Even with full rain tires it would have been bad."

At the beginning of the fifth lap, Schumacher passed Alesi and Villeneuve in the first two turns and built up a lead of nearly six seconds by the end of the 6.968-kilometer circuit.

By the 10th lap, Schumacher was leading by 42 seconds. He increased his lead while others changed tires and lost more ground.

The gap was more than a minute by the 13th lap. Schumacher went in for the first of his two changes after 15 laps and the gap was cut to about 40 seconds.

Hakkinen's third place is under a question mark. The fuel in his McLaren-Mercedes in Saturday's qualifying did not comply with regulations and he was initially put at the back of the starting grid.

The team appealed, allowing him to start in his original fifth position, and the sport's governing body, the FIA, will review the case.

Heinz-Harald Frentzen of Germany in a Williams-Renault was fourth. Britain's Johnny Herbert in Sauber-Petronas was fifth. Villeneuve ended sixth.

Schumacher now has a 12-point lead in the drivers' standings over Villeneuve before the Italian Grand Prix Sept. 7. Frentzen and are Alesi are tied for third with 22 points apiece.

2 More World Records Fall in Cologne

The Associated Press

COLOGNE — The burst of world track records continued Sunday when Wilson Kipketer, a Kenyan-born Dane, lowered his own 800-meter mark and Bernard Barmasai of Kenya pulverized the 3,000-meter steeplechase mark at the Cologne Grand Prix.

The records came two days after the 5,000- and 10,000-meter records were broken in Brussels, and less than two weeks after three new records were set in Zurich. Both marks set Sunday improved on the times in Zurich.

Kipketer ran a time of one minute, 41.11 seconds to lower his record by .13 seconds of 1:41.24 set in Zurich.

Barmasai surged in the finish to push past a fellow Kenyan, Moses Kiptanui, and break the steeplechase record by more than three seconds, clocking 7:55.72.

Another Kenyan, Wilson Boit Kipketer, held the record less than two weeks with a time of 7:59.08.

Led by "rabbit" David Kiptoo, another Kenyan, who set a perfect pace in the first lap, Kipketer burst ahead and easily beat his record. The previous record had stood for 16 years until he first equaled it earlier this summer and then finally broke it in Zurich.

"The 'rabbit' may be perfect, but if you are not perfect, you won't run a world record," Kipketer said.

Donovan Bailey of Canada, the Olympic champion, powered past three American sprinters to win the 100-meter dash.

Bailey, who was beaten by the American sprinter Maurice Greene for the gold medal at the World Championship earlier this month in Greece, clocked a fast time of 9.99 seconds into a head wind on a warm and muggy day. Greene did not run here.

"No one can beat me here," Bailey boasted later. "I spent a whole week preparing for this race, that's why I was so fast. And in spite of a head wind."

Tim Montgomery, the bronze medalist in Athens, finished second in 10.01, while Dennis Mitchell was third in 10.12. The third American in the race, Vincent Henderson, was fourth in 10.24.

In Brussels on Friday two Kenyans stripped Haile Gebrselassie of Ethiopia of his most cherished records.

Daniel Komen struck first on a hot, humid night, slicing 2.12 seconds off the 5,000-meter record that Gebrselassie set just 10 days ago.

Then, Paul Tergat beat the 10,000-meter record by 3.47 seconds, driven on by the rhythm of an African drum band and the roar from 40,000 spectators in the packed King Baudouin Stadium.

"I had no doubt. I was ready to do any sort of pace. I had no fear," Tergat said after setting the new world record of 26 minutes, 27.85 seconds.

Gebrselassie easily won the 3,000-meter event at the Van Damme Memorial track meet, but failed by 6 seconds in his attempt to break the world record held by Komen. Afterward, he blamed the humidity.

There were no such excuses for the Kenyan pair, who ran solo for the last two kilometers of their races after leaving the opposition behind.



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